Canadian Food Inspection Agency

2010–11
Performance Report

Approved:

The Honourable Gerry Ritz, PC, MP
Minister of Agriculture and Agri-Food and
Minister for the Canadian Wheat Board

For the period ending March 31, 2011

Canadian Food Inspection Agency | Agence canadienne d'inspection des aliments

2010–11

Performance Report

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For the period ending March 31, 2011

Canada

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Minister's Message

The Honourable Gerry Ritz, PC, MP
Minister of Agriculture and Agri-Food and Minister for the Canadian Wheat Board

From its inception, the Canadian Food Inspection Agency (CFIA) has been working to maintain the safety of Canada's high-quality agriculture, agri-food, aquaculture, and fishery products. The CFIA works with the Agriculture Portfolio team to tackle the agricultural sector's challenges, while helping the sector to capitalize on its tremendous potential for growth and future profitability. The Agency's role is critical in protecting Canadian and international consumers and preserving the good reputation of Canada's food industry, here at home and around the world.

The work of the CFIA's dedicated employees across Canada is challenging. To effectively protect the health of Canadians and the resources from which our food is derived, CFIA staff must continually adapt and respond to emerging issues and emergencies, new science and intelligence, and world events. It is therefore critical that the CFIA workforce have the tools and information they need to carry out the important work of the Agency. In fiscal year 2010–11, the CFIA undertook a number of initiatives aimed at supporting its employees in the performance of their work.

To further the goal of continual improvement in food safety and to implement recommendations coming from the *Report of the Independent Investigator into the 2008 Listeriosis Outbreak* and the Lessons Learned reports, significant investment has been made in the CFIA.

The *Report of the Independent Investigator into the 2008 Listeriosis Outbreak* and Lessons Learned reports emphasized the need to increase public transparency on the work of the Agency, particularly with respect to inspection, compliance, and enforcement activities and coordination with other agencies and departments. Canadians expect the CFIA to deliver on its mandate in an open and accountable way.

Since 2006, the CFIA has hired a net total of 733 new inspection staff to enhance inspection. To complement these new hires, CFIA has created a national recruitment strategy that will provide an ongoing pool of inspectors for years to come.

As part of the CFIA's inspection modernization work, a new 29-week training program for meat processing inspectors has been implemented. This training will better enable inspectors to carry out their functions in a professional and consistent manner.

To support employee interactions with industry and regulated parties, the CFIA has launched an integrity initiative that includes values and ethics training. This training helps front-line staff make informed decisions in situations where they are called upon to deal with ethical problems in work situations.

The CFIA continues to collaborate with its partners to minimize and manage food-related risks. This year, the CFIA continued its proactive agenda related to animal health, working with industry and with federal, provincial and territorial partners to develop national farm-level biosecurity standards. This included developing industry biosecurity planning guides for the animal and plant sectors.

That is why the CFIA has expanded its online information on compliance and enforcement activities. Making this information public is a fair, balanced, and measured approach to protecting the safety of Canada's food supply and the resources upon which it depends. At the same time, the CFIA continues to work closely with the food industry so that they have clear guidance on how to achieve compliance.

The CFIA also launched the Consumer Association Roundtable so that consumers have a united voice in food safety from farm to fork as well as an opportunity to provide input on a variety of topics related to CFIA priorities, policies, programs, and services.

Modernizing the CFIA's regulatory components and tools continues to be a priority. This year, the CFIA worked with the National Farm Animal Care Council to modernize guidelines for producers and handlers of farm animals. These guidelines affect practices related to raising, housing, handling, treating and transporting particular species of animals. Work continued on a proposal to modernize Canada's fertilizer regulatory framework; this included revising safety standards, policies, and precautionary labelling statements for fertilizer and supplement products so that these products remain safe and can be used in an environmentally sustainable manner.

The CFIA continues to invest in prevention, preparedness, and response capability to manage the entry and spread of high-risk animal and plant diseases and pests such as bovine spongiform encephalopathy, avian and pandemic influenza, and various invasive species.

Informed decision making at the CFIA is based on high-quality, timely, relevant science. In 2009, through Canada's Economic Action Plan, the federal government committed $24 million over two years to address high-priority infrastructure projects, thus improving the CFIA's science and technology capacity. The resulting Accelerated Laboratory Infrastructure Program identified and completed needed renovations at our laboratories in Burnaby, Lethbridge, Calgary, Saskatoon, Ottawa, Saint-Hyacinthe, and Dartmouth. Our laboratories are now better suited for modern scientific practice. Our scientists and researchers have healthier and more modern work environments which enhance research and development.

In the 2011 budget, the Government made a $100-million investment over five years toward inspector training, additional science capacity, and electronic tools to support the work of our front-line inspectors.

There is also a provision for $17 million over five years for managing and monitoring plum pox virus. The Canadian Food Inspection Agency and Agriculture and Agri-Food Canada will each receive a portion of this investment.

All this contributes to better health and safety outcomes for Canadians.

The Honourable Gerry Ritz, PC, MP
Minister of Agriculture and Agri-Food and
Minister for the Canadian Wheat Board

Management Representation Statement for Performance Information

The Canadian Food Inspection Agency's (CFIA) *2010–11 Performance Report* for the year ending March 31, 2011, was prepared under my direction and the CFIA's Senior Management Committee, and approved by the Minister of Agriculture and Agri-Food. In accordance with the *Canadian Food Inspection Agency Act*, the report also includes an assessment of the fairness and reliability of the performance information conducted by the Auditor General of Canada.

I submit for tabling in Parliament the *2010–11 Performance Report* for the CFIA.

This document has been prepared based on the following reporting principles contained in the *Guide for the Preparation of Part III of the Estimates: 2011–12 Report on Plans and Priorities and 2010–11 Departmental Performance Report*:

- It adheres to the specific reporting requirements outlined in Treasury Board Secretariat guidance;
- It is based on the CFIA's Strategic Outcomes and Program Activity Architecture that were approved by Treasury Board;
- It presents consistent, comprehensive, balanced and reliable information;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- It reports finances based on approved numbers from the Estimates and the Public Accounts of Canada.

George DaPont
President, Canadian Food Inspection Agency

Section I: Agency Overview

1.1 Raison d'être

The Canadian Food Inspection Agency (CFIA) is Canada's largest science-based regulatory agency. It has over 7500[1] dedicated employees working across Canada in the National Capital Region (NCR) and in four operational areas (Atlantic, Quebec, Ontario and Western).

The CFIA is dedicated to safeguarding food, animals and plants, and contributing to a safe and accessible food supply and plant and animal resource base—thereby enhancing the health and well-being of Canada's people, environment, and economy.

The CFIA's activities contribute to protecting Canadian and international consumers, Canadian agricultural production (including forestry) and our environment. In turn, these activities benefit Canadian farmers, fishers, foresters, processors and distributors (including importers and exporters), as well as consumers.

THE CFIA'S LEGISLATIVE AUTHORITY

- *Agriculture and Agri-Food Administrative Monetary Penalties Act*
- *Canada Agricultural Products Act*
- *Canadian Food Inspection Agency Act*
- *Consumer Packaging and Labelling Act* (as it relates to food)
- *Feeds Act*
- *Fertilizers Act*
- *Fish Inspection Act*
- *Food and Drugs Act* (as it relates to food)
- *Health of Animals Act*
- *Meat Inspection Act*
- *Plant Breeders' Rights Act*
- *Plant Protection Act*
- *Seeds Act*

The success of the CFIA is reliant upon five interrelated and fundamental factors: sound science; an effective regulatory base; effective inspection programs; effective risk management; and strong partnerships. In an international context, the CFIA strives to ensure that the international regulatory framework (as it relates to the CFIA's mandate) is strong, coherent, and science-based.

[1] This number includes active employees, employees on leave status, and suspended employees.

1.2 Responsibilities

The CFIA is responsible for administering and enforcing 13 federal statutes and 38 sets of regulations, for regulating the safety and nutritional quality of food sold in Canada, and for supporting a sustainable plant and animal resource base. The CFIA shares many areas of responsibility with other federal departments and agencies, with provincial, territorial and municipal authorities, and with other stakeholders.

THE CFIA'S KEY FEDERAL PARTNERS

- Health Canada
- Public Health Agency of Canada
- Agriculture and Agri-Food Canada
- Canadian Grain Commission
- Public Safety Canada
- Canada Border Services Agency
- Fisheries and Oceans Canada
- Natural Resources Canada, including Canadian Forest Service
- Foreign Affairs and International Trade Canada
- Environment Canada, including Canadian Wildlife Service

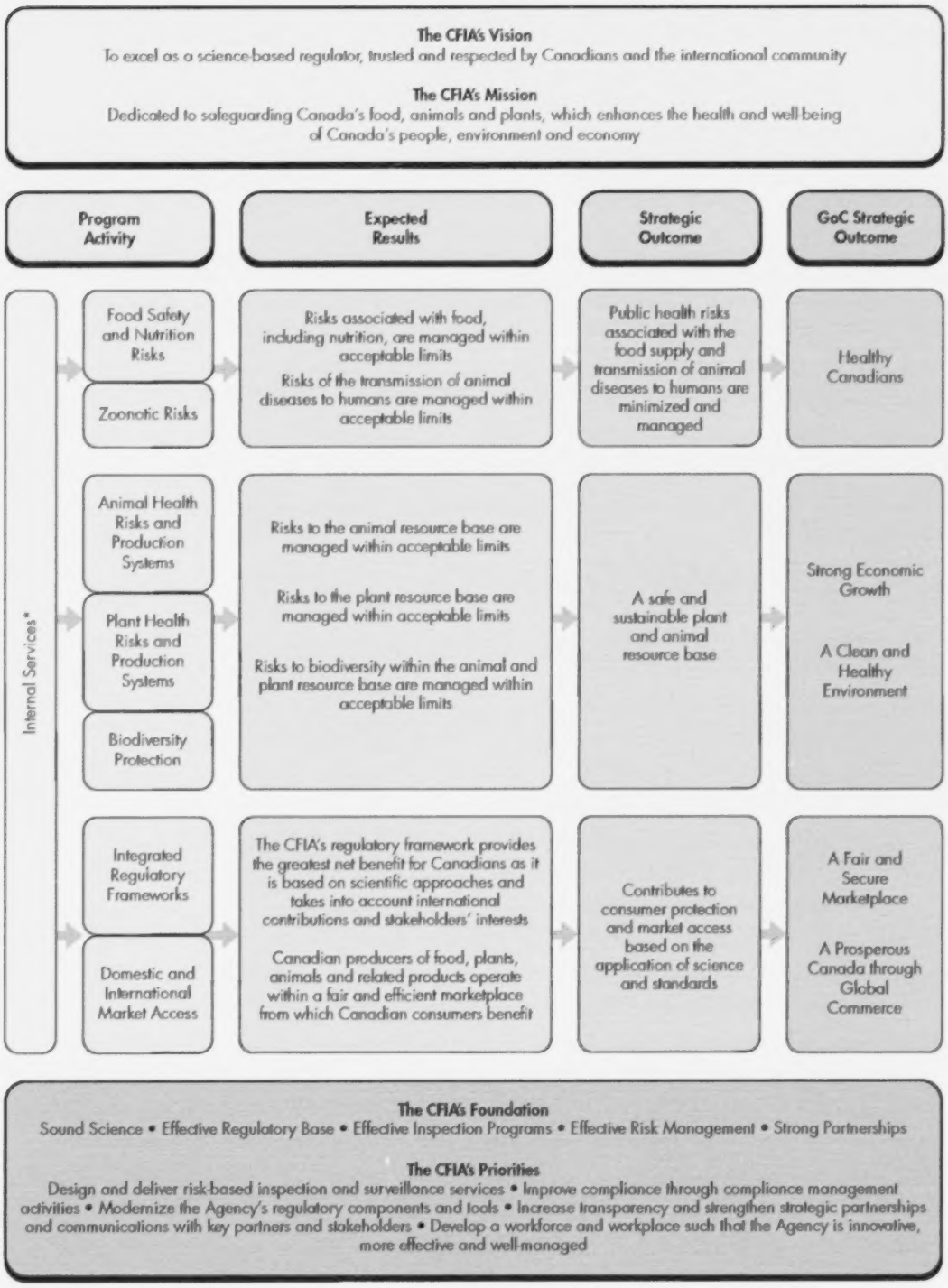
In a complex operating environment, the CFIA works with its partners to implement food safety measures; manage food, animal and plant risks and emergencies; and promote the development of food safety and disease control systems to maintain the safety of Canada's high-quality agriculture, agri-food, aquaculture and fishery products. The CFIA's activities include verifying the compliance of imported products; registering and inspecting establishments; testing food, animals, plants, and their related products; and approving the use of many agricultural inputs. The CFIA also provides scientific advice, develops new technologies, provides testing services, and conducts research.

At the CFIA, informed decision making is based on high-quality, timely, relevant science. Science informs policy development and program design and delivery through foresight, advice, risk assessment, the influence of international standards, research and development, and testing.

1.3 Strategic Outcomes and Program Activity Architecture

The CFIA's Program Activity Architecture (PAA) is a component of its Management Resources and Results Structure (MRRS), which forms part of the *Whole-of-Government Framework* for a common, government-wide approach to the collection, management, and reporting of financial and non-financial information. To effectively deliver on its responsibilities, the CFIA aims to achieve three strategic outcomes (SO).[2] The current PAA, shown in Figure 1, illustrates the alignment of the CFIA's strategic outcomes to the Government of Canada (GoC) outcome areas and reflects how the CFIA plans to allocate and manage its resources in order to achieve the corresponding expected results. In 2010–11, a new PAA consisting of one Strategic Outcome and five Program Activities, was established and will be implemented in 2011-12. The PAA was changed to better reflect how the CFIA operates.

[2] Strategic outcome: Long-term and enduring benefit to Canadians that stems from the Agency's vision and mission. It represents the difference the Agency intends to make for Canadians.


The CFIA's Vision
To excel as a science-based regulator, trusted and respected by Canadians and the international community
The CFIA's Mission
Dedicated to safeguarding Canada's food, animals and plants, which enhances the health and well-being of Canada's people, environment and economy
Program Activity
Expected Results
Strategic Outcome
GoC Strategic Outcome
Internal Services*
Food Safety and Nutrition Risks
Zoonotic Risks
Risks associated with food, including nutrition, are managed within acceptable limits
Risks of the transmission of animal diseases to humans are managed within acceptable limits
Public health risks associated with the food supply and transmission of animal diseases to humans are minimized and managed
Healthy Canadians
Animal Health Risks and Production Systems
Plant Health Risks and Production Systems
Biodiversity Protection
Risks to the animal resource base are managed within acceptable limits
Risks to the plant resource base are managed within acceptable limits
Risks to biodiversity within the animal and plant resource base are managed within acceptable limits
A safe and sustainable plant and animal resource base
Strong Economic Growth
A Clean and Healthy Environment
Integrated Regulatory Frameworks
Domestic and International Market Access
The CFIA's regulatory framework provides the greatest net benefit for Canadians as it is based on scientific approaches and takes into account international contributions and stakeholders' interests
Canadian producers of food, plants, animals and related products operate within a fair and efficient marketplace from which Canadian consumers benefit
Contributes to consumer protection and market access based on the application of science and standards
A Fair and Secure Marketplace
A Prosperous Canada through Global Commerce
The CFIA's Foundation
Sound Science • Effective Regulatory Base • Effective Inspection Programs • Effective Risk Management • Strong Partnerships
The CFIA's Priorities
Design and deliver risk-based inspection and surveillance services • Improve compliance through compliance management activities • Modernize the Agency's regulatory components and tools • Increase transparency and strengthen strategic partnerships and communications with key partners and stakeholders • Develop a workforce and workplace such that the Agency is innovative, more effective and well-managed

* The Internal Services program activity supports the CFIA's strategic outcomes

Figure 1: Program Activity Architecture for the CFIA

1.4 Organizational Priorities

For 2010–11, the CFIA established five priorities to guide the management of resources toward achieving its SO. The CFIA's performance with respect to achieving these priorities is summarized below; Section 2 elaborates on performance by SO.

Priority Status Legend

- **Exceeded:** More than 100 per cent of the expected level of performance (as evidenced by the indicator and by target or planned activities and outputs) for the expected result or priority identified in the corresponding RPP was achieved during the fiscal year.
- **Met all:** 100 per cent of the expected level of performance (as evidenced by the indicator and by target or planned activities and expected outputs) for the expected result or priority identified in the corresponding RPP was achieved during the fiscal year.
- **Mostly met:** 80 to 99 per cent of the expected level of performance (as evidenced by the indicator and by target or planned activities and expected outputs) for the expected result or priority identified in the corresponding RPP was achieved during the fiscal year.
- **Somewhat met:** 60 to 79 per cent of the expected level of performance (as evidenced by the indicator and by target or planned activities and outputs) for the expected result or priority identified in the corresponding RPP was achieved during the fiscal year.
- **Not met:** Less than 60 per cent of the expected level of performance (as evidenced by the indicator by and target or planned activities and outputs) for the expected result or priority identified in the corresponding RPP was achieved during the fiscal year.

Priority	Type[3]	Strategic Outcome(s) and/or Program Activity(ies)
Design and deliver risk-based inspection and surveillance services	Ongoing	Links to all Strategic Outcomes
Status: Mostly Met		
• Continued to address the recommendations of the *Report of the Independent Investigator into the 2008 Listeriosis Outbreak*. For example, the CFIA hired 170 meat inspectors over a period of two years across Canada. All 170 have completed the first five weeks of the Meat Processing training. See Section 2.2 for additional performance information. • Continued its efforts under the Food and Consumer Safety Action Plan (FCSAP) to better anticipate and respond to food safety problems through the completion of targeted surveys and through research with other government departments and universities to develop a risk-based prioritization framework tool. A summary of the performance results is found in Section 2.2. • Designed, developed and piloted a Compliance Verification System (CVS) inspection protocol for feed ingredient manufacturers. • Certified 1.7 billion kilograms of meat for export. • Tested 24,798 samples of domestic and imported products for compliance with federal chemical residue requirements.		

[3] Type is defined as follows: **Previously committed to**—committed to in the first or second fiscal year before the subject year of the report; **Ongoing**—continuing or permanent commitment; and **New**—newly committed to in the reporting year of the DPR.

Priority	Type[3]	Strategic Outcome(s) and/or Program Activity(ies)
Improve compliance through compliance management activities	Ongoing	Links to all Strategic Outcomes
Status: Mostly Met		

- Continued work on a proposal to update requirements related the humane transport of animals.
- Continued efforts under the FCSAP to better anticipate and respond to food safety problems through IM/IT enhancements related to importer identification and tracking and the issuance of email notifications concerning allergen recalls. A summary of the performance results is found in Section 2.2.
- Released its updated Compliance and Enforcement Operations Policy (CEOP), confirming the CFIA's overall approach to assessing compliance and applying enforcement action when warranted.
- Conducted feed establishment and feed product compliance verification activities, including the inspection of 475 feed mills and 48 rendering facilities.
- Provided guidance and support, specifically with respect to information access and availability on the CFIA's website, in order to improve compliance activities in the area of food labelling.

Priority	Type[3]	Strategic Outcome(s) and/or Program Activity(ies)
Modernize the Agency's regulatory components and tools	Ongoing	Links to all Strategic Outcomes
Status: Mostly Met		

- Worked with the National Farm Animal Council to modernize farm animal producer and handler guidelines on practices related to raising, housing, handling, treating and transporting particular animal species.
- Reviewed the "Product of Canada" guidelines to ensure they continue to meet the needs of both consumers and Canadian industries. Consultations ended in September 2010 on the need to exempt imported sugar, salt, and vinegar when making a "Product of Canada" claim on foods that contain those ingredients and the possibility to remove qualifiers from the "Made in Canada" claim. The CFIA is analyzing the information gathered and will post the results on its website.
- Continued work on a proposal to modernize Canada's regulatory framework on fertilizer.
- Continued to modernize the import/export certification process to facilitate compliance with regulatory requirements related to importing and exporting. Enterprise eCert has been planned with the vision to support export certification requirements for all individual programs within the CFIA. It has also developed a harmonized business requirement document, and high-level business requirements have been approved.
- Updated user fees for the Destination Inspection Service; this is the first of three planned annual increases to reach a self-sustaining model.
- Published amendments to the *Compensation for Destroyed Animals Regulations* to increase the maximum amounts that may be paid to producers whose poultry is required to be destroyed during a disease outbreak.
- Continued to update sampling plans, policies, and procedures based on an assessment of risk, including the previous fiscal year's results as well as emerging threats, to keep pace with the constantly evolving environment.

Priority	Type[3]	Strategic Outcome(s) and/or Program Activity(ies)
Increase transparency and strengthen strategic partnerships and communications with key partners and stakeholders	New	Links to all Strategic Outcomes
Status: Mostly Met		

- Worked with industry and with federal, provincial, and territorial partners to develop national farm-level biosecurity standards and biosecurity planning guides for the animal and plant sectors.
- Worked with Canadian and international partners to advance Canada's readiness for the deliberate introduction of animal diseases.
- Continued legislative implementation of the National Aquatic Animal Health Program (NAAHP) through work with its partners, such as the Assembly of First Nations, to ensure that information needs are met. The CFIA also led and participated in meetings with industry, provinces and territories, developed and distributed materials, and organized consultations on program activities.
- Worked with provincial, territorial, and industry partners to develop a proposed legislative framework that will strengthen Canada's traceability framework.
- Developed and distributed information products (field guides, fact sheets, posters) to partners, stakeholder organizations, and members of the public across Canada to enhance Canadians' awareness of invasive species and how they spread.
- Used a variety of communication vehicles, in conjunction with the province and with national poultry associations, to inform the public of the avian influenza outbreak in Manitoba and the steps required to respond to it.
- Enhanced the on-farm biosecurity awareness campaign by broadening its scope and including outreach to on-farm service workers and future farmers and by launching the CFIA's Animal Health Twitter account.
- Strengthened the CFIA's ability to communicate recall information to Canadians with food allergies by issuing email notifications and alerts through social media tools for all Class II and III allergen recalls; this is in addition to the existing practice of posting recalls on the CFIA website.
- Expanded online information on compliance and enforcement.
- Launched the Consumer Association Roundtable to give consumers a voice in the food safety continuum.

Priority	Type[3]	Strategic Outcome(s) and/or Program Activity(ies)
Develop a workforce and workplace such that the Agency is innovative, more effective and well-managed	New	This management priority is part of Internal Services which contributes to all Strategic Outcomes
Status: Mostly Met		

- Increased the overall understanding of the importance of the CFIA's values and ethics with respect to decision-making and guided employee behaviours by having 1,200 employees participate in the Values & Ethics training in 2010–11.
- Completed the successful launch of a recruitment campaign that resulted in the hiring of 170 new food inspectors across Canada .
- Developed and implemented a new 29-week training program for meat processing inspectors.
- Created a Leadership Development Framework to ensure a transparent, clear career path for employees to follow and implemented the Essentials of Supervision training for new supervisors.
- Finalized and began the implementation of a revised PAA and Performance Measurement Framework (PMF), which better aligns the CFIA's activity structure with its strategic direction.
- Strengthened people management. Activities under this area included the introduction of tools such as the Inspector Training Programs, an Employee Engagement Strategy and Toolkit, and the Inspector Commodity Identification system (ICID).

1.5 Risk Analysis

CFIA RISK AREAS

1. Foodborne hazards
2. Zoonotic outbreaks / incidents
3. Animal and Plant Pests and Diseases
4. Human Resources
5. Science and Technology Capacity
6. Information for Decision-Making
7. Partnerships
8. Internal Coordination
9. Program Framework

The effective management of risks associated with food, animals, and plants is fundamental to the achievement of the CFIA's mandate. As such, CFIA practices have been built on risk management concepts and principles. As the organization responsible for identifying and managing risks to the food supply and the animal and plant resource base, on which safe food and a prosperous economy depends, the CFIA has developed a robust risk management discipline. Risk management is performed by all parts of the CFIA as an integral part of priority setting, planning, policy and program development, service delivery, review, and reporting activities.

A cornerstone of the CFIA's risk management process is the development of a Corporate Risk Profile (CRP). The CFIA's current CRP describes nine key strategic risks to which the CFIA is exposed as well as strategies for addressing those risks. The CFIA's day-to-day service delivery is also focused on controlling and mitigating those risks. The CFIA's 2010–11 *Report on Plans and Priorities* detailed the CFIA's planned risk mitigation efforts. The following is a summary of progress made on the strategies planned for each of the CFIA's key risk areas. Further analysis and details can be found in Section 2.2.

The CFIA's primary risk associated with **foodborne hazards** is the failure to detect, track, or mitigate pathogens, toxins, chemical contaminants and other health hazards in consumables. As outlined in the 2010–11 RPP, key risk mitigation strategies planned for 2010–11 included initiatives associated with the Government of Canada's FCSAP and a response to the recommendations of the *Report of the Independent Investigator into the 2008 Listeriosis Outbreak*, which includes implementation of the Compliance Verification System (CVS).

As part of the FCSAP, the CFIA developed and implemented a number of strategies aimed specifically at the enhanced identification and prioritization of food safety risks, including the development and use of science-based risk ranking tools and targeted surveys on microbial and chemical hazards. The CFIA also conducted targeted oversight to enhance inspection of high-risk food sectors, improved rapid response capacity, and provided detailed risk information to consumers.

In response to recommendations in the *Report of the Independent Investigator into the 2008 Listeriosis Outbreak*, the CFIA made significant progress; it enhanced its risk management capacity by hiring and training meat processing inspectors and ensured that inspectors were better equipped to effectively carry out their responsibilities. Improved methods for detecting hazards in food were developed and validated; this includes a *Listeria monocytogenes* detection method that significantly reduces testing time and enables a more rapid response during food safety investigations. The CFIA performed inspections of meat establishments

using the new risk-based CVS and, over the course of the year, implemented a number of improvements to that system, including the introduction of *Listeria* sampling tasks and increased emphasis on establishments that produce ready-to-eat (RTE) products.

The CFIA's risk mitigation efforts related to **zoonotic outbreaks/incidents** have focused on animal health biosecurity, integrated surveillance, and the prevention and control of the spread of zoonotic diseases. In 2010–11, the CFIA led the development of national farm-level biosecurity standards in collaboration with industry and federal/provincial/territorial partners. This initiative was undertaken as part of the Growing Forward Agricultural Policy Framework, led by Agriculture and Agri-Food Canada (AAFC). The CFIA also led the Canadian Animal Health Surveillance Network (CAHSN), a collaborative effort with federal, provincial, and university animal health diagnostic laboratories that combines surveillance data received from a variety of sources and simultaneously alerts both human and animal health authorities when potential animal disease threats are identified. Furthermore, for a third year, the CFIA directed the highly successful collaborative Canadian Notifiable Avian Influenza Surveillance System (canNAISS). A major operational response was required in 2010–11 for an AI outbreak in a Manitoba turkey flock as well as for a confirmed single positive case of Bovine spongiform encephalopathy (BSE). Given that the CFIA has managed similar incidents in the past, the very successful outcome of both incidents underscored just how valuable continuous evaluation of the effectiveness of risk mitigation strategies is. With a view to preventing and controlling future risks, the CFIA continued to lead the collaborative project, Fore-CAN: Foresight for Canadian Animal Health. The project aims to predict the future requirements of the animal health emergency system.

The CFIA's role in maintaining a safe and sustainable plant and animal resource base requires the CFIA to be able to prevent, detect, contain, and mitigate **animal and plant pests and diseases**. In 2010–11, the CFIA developed plant and animal biosecurity guides as well as advanced guidance and training on enforcement and compliance verification regarding traceability. Plant surveys were conducted for over 23 plant pests, and 27 animal health risk analyses were completed in relation to animal importing and exporting, aquatic animal health diseases, scientific advice, and the disease status of various countries, zones and regions. To support the implementation of the NAAHP, the CFIA promoted new reporting requirements and continued to work with partners, such as the Assembly of First Nations, to ensure that information needs are met. Finally, a CVS inspection protocol for feed ingredient manufacturers was designed, developed, and piloted, and work began on a new CVS approach for the humane transportation and identification of animals.

The CFIA depends on a highly skilled, multi-disciplinary staff complement located across the country. In the 2010–11 RPP, the CFIA identified the implementation of the CFIA Renewal Plan as the focus of risk mitigation strategies related to effective **human resources** management. Notable progress has been made in the past year; this includes the successful implementation of a National Recruitment Strategy to coordinate and standardize the CFIA's inspector recruitment. Specialized training was provided to CFIA personnel who work on programs involving meat processing, biosecurity, traceability, and plant health. Structured national training curricula were developed to support scientific and technical training for all 14 inspection programs. Non-technical training and corporate initiatives to enhance values

and ethics, transparency, and occupational health and safety were also delivered. Finally, training under the Leadership Development Framework was delivered to enable new employees and supervisors to develop their leadership skills and to provide seasoned professionals with the means necessary to mentor the next generation.

The rapid pace of technological and methodological change in relation to food, animal, and plant products both threatens and benefits the CFIA's **science and technology capacity**. Consistent with commitments it made in 2010–11, the CFIA developed a long-term regulatory research strategy. The research will inform decision-making, program design, and operational program delivery. The CFIA also funded research that used novel platforms, such as mass spectrometry, aptamer platforms, and time-of-flight technology, to test for and detect pathogens such as *Listeria*, *Shigella* and *Campylobacter*. Finally, the Fore-CAN initiative will help the CFIA remain abreast of new scientific and regulatory methods. It will also contribute to the development of an integrated Canadian laboratory network that will enhance the capacity and expertise of all government departments.

Effective management of any organization, particularly one that has the size and complexity of the CFIA, depends upon a strong and stable analytical foundation for strategic and operational decision-making. Planned mitigation strategies, which were aimed at addressing risks associated with **information for decision-making**, included the implementation of the Performance Management Reporting Solution (PMRS) project and advances in the development of the Performance Measurement Framework (PMF). In the past year, the PMRS project implementation included the Animal Health and Meat Hygiene programs, bringing the total number of programs in the system to six. This Agency-wide management tool supports enhanced performance monitoring, reporting, and informed decision-making. In 2010–11 the CFIA also established a new Program Activity Architecture (PAA) and its associated PMF, both of which will be implemented in 2011-12. Combined, they will enhance the information base upon which sound risk-based decisions can be made.

Stewardship of food safety and plant and animal health is a shared responsibility. This has given rise to numerous opportunities and threats for the CFIA, underscoring the importance of **partnerships**. The relationship between the CFIA, Health Canada (HC), and the Public Health Agency of Canada (PHAC) was strengthened in an effort to streamline information sharing and provide a more cohesive and forward-thinking approach to food safety. Industry, federal/provincial/territorial partners, and others were actively engaged in numerous initiatives, including the development of the national farm-level biosecurity standards, the proposed legislative framework to enhance traceability, and the implementation of the NAAHP. In addition, the Consumer Association Roundtable was launched to give consumers a voice in the food safety continuum. The CFIA maintained a strong international presence through regular meetings with its foreign counterparts. In particular, the CFIA engaged other competent government authorities (CGAs) such as the European Union (EU) and United States Food and Drug Administration (USFDA) to assess the equivalency of food safety systems.

Internal coordination is required to effectively support program design and delivery. In an effort to enhance internal coordination, as per the 2010–11 RPP, the CFIA addressed coordination-related recommendations in the *Report of the Internal Investigator into the 2008 Listeriosis Outbreak* and renewed its corporate governance structure. The renewed governance structure clarifies authorities, simplifies decision-making, and facilitates increased administrative efficiency while fostering a whole-of-Agency approach to decision-making. Last year, the CFIA also improved its capacity to manage projects through the development of an Enterprise Project Management Framework (ePMF). This development was in keeping with recommendations that the Treasury Board Secretariat (TBS) made in the Management Accountability Framework (MAF).

In 2010–11, the CFIA continued to work toward strengthening its **Program and Regulatory Framework** in order to protect consumers and facilitate trade and fair market access. For example, the CFIA developed regulations to protect the health of aquatic animals; this will allow Canada to meet international trade standards and help prevent the loss of aquatic resources due to the introduction or spread of disease. The CFIA also pre-published a regulatory proposal that will create a more flexible seed variety registration system. This proposal is aimed at streamlining regulatory requirements while continuing to maintain the integrity of seed certification and the safety of the environment, food, and feed. The CFIA made progress related to hog identification and the humane transport of animals in support of amendments to the *Health of Animal Regulations* and continued to develop a regulatory package to modernize and update the requirements in the *Honey Regulations*. In the past year, the CFIA continued to explore improvements to the consistency of the various regulations affecting the regulatory framework for agri-food programs. While important progress has been made, the complexity and time required to implement changes in regulations and programs means that mitigation of this risk will be an ongoing focus for the CFIA.

Further analysis and details of the CFIA's risk mitigation efforts can be found in Section 2.2.

1.6 Summary of Performance

2010–11 Financial Resources ($ Millions)

Planned Spending	Total Authorities	Actual Spending
689.1	750.8	721.8

The variance between Planned Spending and Total Authorities is mainly attributed to the following: funding received for continuing the Invasive Alien Species Strategy for Canada ($10.0M) and the Growing Forward Program Suite ($5.0M); new funding received to increase the frequency of food inspections in meat processing establishments ($11.4M); funding received for the 2009–10 carry forward ($27.6M); as well as increases for other statutory and corporate items. Actual spending has increased by less than 1% since 2009–10 ($718.1M).

2010–11 Human Resources (FTEs)

Planned	Actual	Difference
6,717	6,669	(48)

Actual Full-Time Equivalent (FTE) utilization has increased by 2.2% since 2009–10 (6,525 FTEs). FTE is a standard financial measure used to capture the total paid hours of an organization's workforce over the course of a fiscal year. For example, 1 FTE could represent 1 full-time employee or 2 part-time employees whose time is split equally over the year. FTE amounts differ from the total number of employees shown in Section 1.1 (7,500) as the latter considers the number of individuals employed by the CFIA at a specific point in time, including active employees as well as those on leave status, and suspended employees.

Summary of Performance Tables

Strategic Outcome 1: Public health risks associated with the food supply and transmission of animal diseases to humans are minimized and managed:

Note: Performance indicators and targets at the Strategic Outcome level were not part of the 2010–11 PAA. They will be available under the CFIA's new PAA structure, which will be implemented in 2011–12.

Program Activity	2009–10 Actual Spending ($ millions)	2010–11 ($ millions)				Alignment to Government of Canada Outcome
		Main Estimates	Planned Spending	Total Authorities	Actual Spending	
Food Safety and Nutrition Risks	270.5	258.1	299.4	307.6	301.5	Healthy Canadians
Zoonotic Risks	83.3	67.8	67.8	68.4	62.1	Healthy Canadians
Total	**353.8**	**325.9**	**367.2**	**376.0**	**363.6**	

Strategic Outcome 2: A safe and sustainable plant and animal resource base:

Note: Performance indicators and targets at the Strategic Outcome level were not part of the 2010–11 PAA. They will be available under the CFIA's new PAA structure, which will be implemented in 2011–12.

Program Activity	2009–10 Actual Spending ($ millions)	2010–11 ($ millions)				Alignment to Government of Canada Outcome
		Main Estimates	Planned Spending	Total Authorities	Actual Spending	
Animal Health Risks and Production Systems	80.1	87.1	87.1	91.7	77.1	Strong Economic Growth
Plant Health Risks and Production Systems	89.7	61.3	61.3	70.5	68.3	A Clean and Healthy Environment
Biodiversity Protection	9.5	12.9	12.9	12.9	10.8	A Clean and Healthy Environment
Total	**179.3**	**161.3**	**161.3**	**175.1**	**156.2**	

Strategic Outcome 3: Contributes to consumer protection and market access based on the application of science and standards:

Note: Performance indicators and targets at the Strategic Outcome level were not part of the 2010–11 PAA. They will be available under the CFIA's new PAA structure, which will be implemented in 2011–12.

Program Activity	2009–10 Actual Spending ($ millions)	2010–11 ($ millions)				Alignment to Government of Canada Outcome
		Main Estimates	Planned Spending	Total Authorities	Actual Spending	
Integrated Regulatory Frameworks	10.7	9.7	9.7	9.1	6.8	A Fair and Secure Marketplace
Domestic and International Market Access	32.4	32.3	32.3	35.3	34.5	A Prosperous Canada Through Global Commerce
Total	**43.1**	**42.0**	**42.0**	**44.4**	**41.3**	

Internal Services

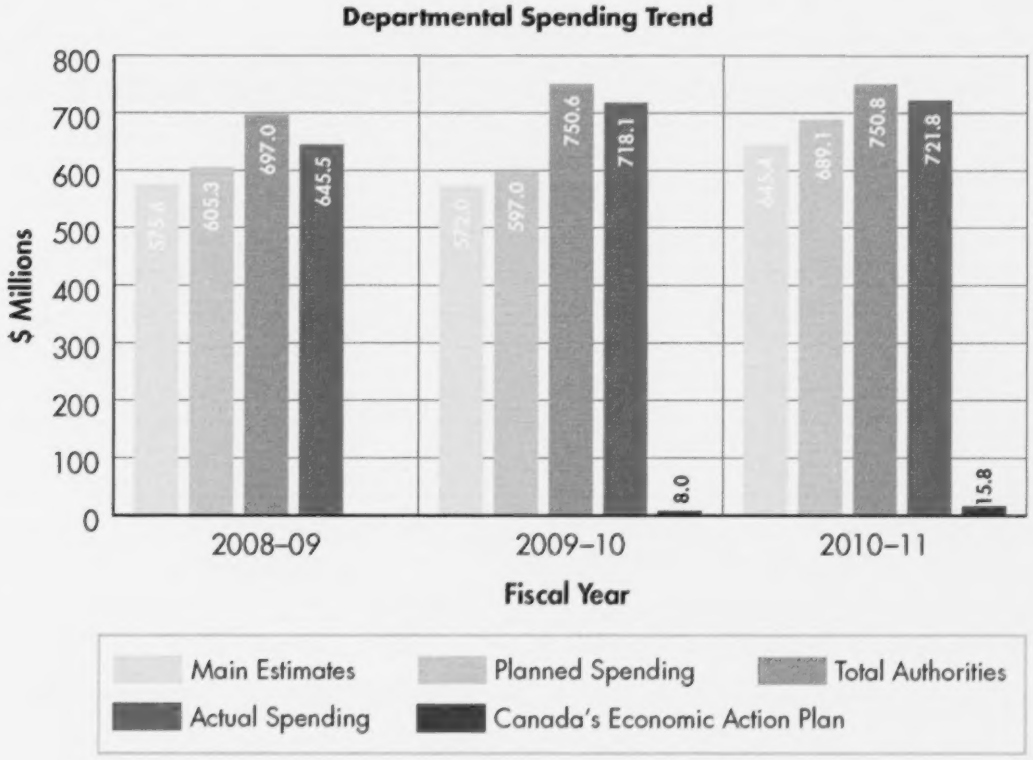
Internal services consist of groups that perform related activities and resources that are administered to support the needs of the programs and corporate obligations of an organization. These groups include the following: Management and Oversight Services, Communication Services, Legal Services, Human Resources Management Services, Financial Management Services, Information Management Services, Information Technology Services, Real Property Services, Security Management Services, Environmental Management Services, Materiel Management Services, Procurement Services, and Travel and Other Administrative Services.

Program Activity	2009–10 Actual Spending ($ millions)	2010–11 ($ millions)			
		Main Estimates	Planned Spending	Total Authorities	Actual Spending
Internal Services	141.9	116.2	118.6	155.3	160.7
Total	**141.9**	**116.2**	**118.6**	**155.3**	**160.7**

1.7 Expenditure Profile

Canada's Economic Action Plan

In 2010–11, the federal government provided the CFIA with $14.2 million under Year Two of Canada's Economic Action Plan (CEAP). Additionally, a surplus of $1.8 million from the 2009–10 CEAP funds was carried forward to 2010–11, as certain projects spanned both years. Therefore, in 2010–11, the total budget for this initiative was $16.0 million.



The CFIA's spending has increased overall from 2008–09 to 2010–11. This increase is mainly due to incremental resources for the Food and Consumer Safety Action Plan; new resources for Canada's Economic Action Plan; the Government Response to *Listeriosis*, increased frequency of food inspections in meat processing establishments; the Pork Industry Recovery and Expansion Strategy; and collective bargaining.

1.8 Estimates by Vote

For information on our organizational votes and/or statutory expenditures, please see the *2010–11 Public Accounts of Canada* (Volume II) publication. An electronic version of the Public Accounts is available at http://www.tpsgc-pwgsc.gc.ca/recgen/txt/72-eng.html

1.9 Office of the Auditor General Reports

The Auditor General has assessed the Canadian Food Inspection Agency's performance information presented in section 2 of this report. This assessment is only a review level of assurance, and does not constitute an audit. The Auditor General's Assessment Report is included in front of the performance information in section 2.

The Auditor General has audited the Canadian Food Inspection Agency's financial statements. These financial statements and the auditor's report are presented in section 3.

The Auditor General has not evaluated or audited any other sections of this report.

Section II: Analysis of Program Activities by Strategic Outcome

2.1 How the Agency Plans and Reports Outcomes

In accordance with the Treasury Board Secretariat's (TBS) Management, Resources and Results Structure (MRRS) Policy, the CFIA planning and reporting framework is based on strategic outcomes, a PAA, and an associated governance framework. The PAA is aligned with the GoC outcomes and takes into consideration the impact of several factors – including the global and national environment, GoC priorities, CFIA strategic risks, its human and financial resource capacity, and outcomes of its past performance and related lessons learned.

This report highlights key accomplishments and gives an account of the progress made in advancing the plans and priorities identified in the CFIA's 2010–11 RPP. Under each strategic outcome and program activity, performance as it relates to special initiatives, risk mitigation strategies, and ongoing activities is reported upon, and special focus is given to how this affects Canadians.

Section 2.2 of this report describes performance information, including highlights, challenges, lessons learned, and expected results for each strategic outcome, measured against targets through the use of compliance and other relevant performance indicators.

2.1.1 Assessment of Compliance and Performance Targets

Given the complexity and inherent variability of the agriculture, agri-food, forestry and fishery production, processing, and distribution sectors, the approach to assessing compliance varies across commodity groups. The CFIA uses a variety of tools to monitor and promote compliance, including inspections, audits, product sampling and testing. The CFIA uses risk-based approaches that target the areas of highest risk. For example, the CFIA focuses its efforts on systems, processes and facilities that directly affect the safety of food. The resulting compliance rates indicate the extent to which regulated parties have adhered to requirements specified in federal acts and regulations. When a broader environmental context is taken into account, year-to-year compliance trends give more information about an area's true performance than does the absolute compliance rate for any one year. For detailed information on compliance assessment, see Section 4.3.

Qualitative and quantitative performance targets provide a basis for measuring the performance of regulated parties and of the CFIA in relation to how they achieve the results expected of them. The targets in this report are for critical program areas and are based either on historical averages of actual performance or on the expected results of effective programming (e.g. rate of industry compliance with regulatory standards). The CFIA has assessed the extent to which performance has met or exceeded established targets and provided analysis when performance fell below the established targets. Targets for programs that monitor activities are set differently than those for programs that focus on specific areas of non-compliance. In terms of compliance rates, the CFIA considers performance within +/- 1% as met. Where applicable, performance indicator results have been rounded down to the nearest percentage point.

2.1.2 Fair and Reliable Performance Reporting

In 2008–09, as part of a long-term process to improve overall performance measurement and reporting, the CFIA initiated the Performance Management Reporting Solution (PMRS) project, an Agency-wide management tool that will allow for better reporting and enhance performance monitoring, reporting, and informed decision-making at all levels. When fully operational, the PMRS will facilitate the production of corporate documents such as the Report on Plans and Priorities (RPP), the Departmental Performance Report (DPR), the Management Accountability Framework (MAF), and the Program Activity Architecture (PAA) and its associated Performance Measurement Framework (PMF). In 2010–11, the Animal Health and Meat Hygiene programs were rolled out, bringing the total number of programs that have been rolled out since the inception of the project to six. These six programs represent 42% of the CFIA's expenditures, excluding internal services. Also in 2010–11, a scorecard for the CFIA's new 2011-12 PMF was developed and successfully tested.

2.1.2.1 Data Quality

For 2010–11, the CFIA assigned a data quality rating to every performance result indicator in the CFIA's DPR. The ratings provide a reasonable assessment of the reliability and limitations of the CFIA's performance information. For each indicator, the CFIA applied a consistent methodology to evaluate the data and processes used to derive performance results.

Information on performance result methodologies and data is used to substantiate that the information reported in the CFIA's DPR is valid, reliable, fair, and supported by appropriate evidence. This information is also the basis for determining the data quality ratings for each indicator. Ratings are based on an assessment of the systems and processes used to manage data and the systems and processes used to derive performance results from the data.

A data quality rating of **Higher Confidence**, **Moderate Confidence** or **Lower Confidence**, as categorized below, is determined for each indicator and included in the performance tables in Section 2.2.

Table 2-1 Data Quality Ratings

Data Quality Rating	
Higher Confidence	Results rating where (1) the data used to derive performance results is stored and managed using reliable systems and methods; and (2) performance results are derived using reliable systems and methods.
Moderate Confidence	Results rating where (1) the data used to derive performance results is stored and managed **in most cases** using reliable systems and methods; and (2) performance results are derived **in most cases** using reliable systems and methods.
Lower Confidence	Results rating where there are **gaps in the reliability** of data sources and/or performance results: data and performance results are supported or derived from systems and methods that do not support data robustness and reliability.

2.1.3 Auditor General's Assessment of Performance Information

Auditor General of Canada
Vérificateur général du Canada

AUDITOR GENERAL'S ASSESSMENT
of Performance Information in the Canadian Food Inspection Agency's
2010–11 Performance Report

REVIEW ENGAGEMENT REPORT

To the President of the Canadian Food Inspection Agency
and the Minister of Agriculture and Agri-Food

What I Assessed

As required by the *Canadian Food Inspection Agency Act*, I have assessed the fairness and reliability of the Canadian Food Inspection Agency's performance information for 2010–11 with respect to the objectives established in its 2010–11 corporate plan.

Management's Responsibility

The performance information reported in the Agency's performance report and the objectives established in its corporate plan are the responsibility of management.

My Responsibility

My responsibility is to assess the fairness and reliability of the performance information included in the Agency's performance report against the objectives established in its corporate plan. My assessment did not include the objectives set out in the corporate plan. My responsibility does not extend to assessing or commenting on the Agency's actual performance.

The Nature of My Assessment

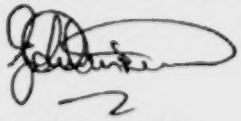
My assessment covered only the performance information included in the section of the Agency's performance report titled "Analysis of Program Activities by Strategic Outcome". My assessment did not include the information referenced by Web links included in the report.

My assessment consisted of a review performed in accordance with Canadian generally accepted standards for review engagements established by the Auditing and Assurance Standards Board (AASB) and, accordingly, consisted primarily of enquiry, analytical procedures, and discussion related to the Agency's performance information as supplied to me by the Agency. I conducted this assessment using the criteria for the assessment of fairness and reliability described in the Annex. There were no changes to the criteria from those of the prior year report.

My assessment is based on a review which provides a moderate level of assurance and does not constitute an audit. Consequently, I do not express an audit opinion on the Agency's performance information.

Conclusion

Based on my assessment, nothing has come to my attention that causes me to believe that the Agency's performance information for 2010–11, with respect to the objectives established in its corporate plan, is not, in all significant respects, fair and reliable using the criteria described in the Annex to this report.



John Wiersema, FCA
Interim Auditor General of Canada

26 August 2011
Ottawa, Canada

CRITERIA FOR THE ASSESSMENT OF FAIRNESS AND RELIABILITY

OFFICE OF THE AUDITOR GENERAL

The following criteria were developed to assess the fairness and reliability of the information about the Agency's performance with respect to the objectives in its corporate plan. Two key issues were addressed: Has the Agency reported on its performance with respect to its objectives? Is that information fair and reliable? Performance information with respect to objectives is fair and reliable if it enables Parliament and the public to judge how well the entity or program in question is performing against the objectives it set out to accomplish.

FAIRNESS

RELEVANT	The performance information reports in context, tangible, and important accomplishments against objectives and costs.
MEANINGFUL	The performance information describes expectations and provides benchmarks against which performance is compared.
ATTRIBUTABLE	The performance information demonstrates why the program made a difference.
BALANCED	A representative and clear picture of performance is presented, which does not mislead the reader.

RELIABILITY

RELIABLE	The performance information adequately reflects the facts.

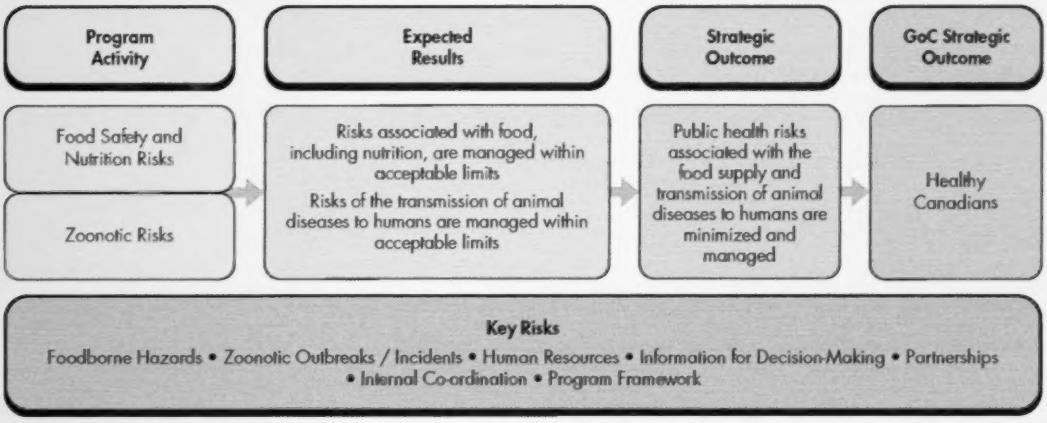
These criteria were developed specifically for the assessment. The Canadian Food Inspection Agency has acknowledged that they were suitable for the assessment.

More information on the criteria is available on our website at

http://www.oag-bvg.gc.ca/internet/English/meth_gde_e_10217.html

2.2 Performance by Strategic Outcome

2.2.1 Strategic Outcome 1: Public health risks associated with the food supply and transmission of animal diseases to humans are minimized and managed

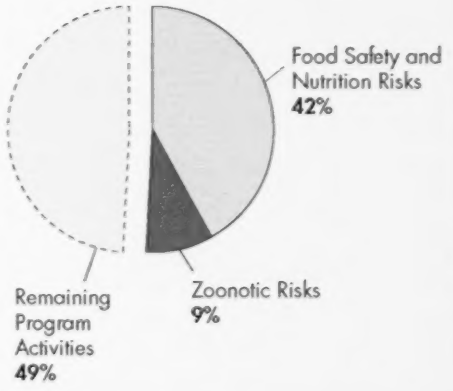

Program Activity
Expected Results
Strategic Outcome
GoC Strategic Outcome
Food Safety and Nutrition Risks
Zoonotic Risks
Risks associated with food, including nutrition, are managed within acceptable limits
Risks of the transmission of animal diseases to humans are managed within acceptable limits
Public health risks associated with the food supply and transmission of animal diseases to humans are minimized and managed
Healthy Canadians
Key Risks
Foodborne Hazards • Zoonotic Outbreaks / Incidents • Human Resources • Information for Decision-Making • Partnerships • Internal Co-ordination • Program Framework

As a contributor to the GoC's integrated approach to population health, the CFIA, in collaboration with federal partners and provincial, territorial and municipal governments, protects Canadians from preventable foodborne health risks and risks associated with animal diseases potentially transmissible to humans. In carrying out activities toward the achievement of this strategic outcome, the CFIA focused its efforts on the following five priorities:

- Design and deliver risk-based inspection and surveillance services
- Improve compliance through compliance management activities
- Modernize the Agency's regulatory components and tools
- Increase transparency and strengthen strategic partnerships and communications with key partners and stakeholders
- Develop a workforce and workplace such that the Agency is innovative, more effective, and well-managed

While work within Food Safety and Nutrition Risks and Zoonotic Risks is primarily aimed at addressing the Foodborne Hazards and Zoonotic Outbreaks/Incidents risk areas[4], it also benefits the other key risk areas noted above.

Percentage of 2010–11 Actual Spending: Strategic Outcome 1



[4] Risk areas have been derived from the CFIA's Corporate Risk Profile (CRP). For more information on the CRP and its risk areas, please refer to Section 1.5.

Program Activity 1: Food Safety and Nutrition Risks

Program Activity Description:

Food safety nutrition risk management programming works with federal, provincial and municipal partners and organizations to improve the overall health of Canadians. A primary contribution to this effort is in minimizing and managing risks, and deliberate threats, to food and food production systems. Consumers are also provided with appropriate information on which to base safe and nutritious food choices. We achieve this by developing and delivering programs designed to verify that food safety and nutrition information is accurate. Programs and services are developed and delivered to protect Canadians from preventable food safety hazards, by managing food safety emergencies effectively, and supporting public awareness of, and the contribution to, food safety, in imported and domestic food.

2010–11 Financial Resources ($ Millions)

Planned Spending	Total Authorities	Actual Spending
299.4	307.6	301.5

2010–11 Human Resources (FTEs)

Planned	Actual	Difference
2,975	3,063	88

Variance Analysis:

Actual Spending increased by $31.0M from the previous year ($270.5M). This increase is largely explained by new funding received to increase the frequency of food inspections in meat processing establishments ($9.6M) as well as by the receipt of incremental resources for *Listeriosis* ($7.9M), the Food Safety Action Plan ($9.9M), and Canada's Economic Action Plan ($4.0M).

The following table identifies the CFIA's expected results, performance indicators, and targets for the Food Safety and Nutrition Risks program activity. For more detailed information, including results from previous reporting periods, refer to the Summary of Performance Indicators in Section 4.1. Where applicable, performance indicator results have been rounded down to the nearest percentage point.

Table 2-2: Summary of Performance: Food Safety and Nutrition Risks

Expected Results	Performance Indicators*	Targets	Performance Status			Data Quality Rating*
Risks associated with food, including nutrition, are managed within acceptable limits	Extent to which inspected, federally registered establishments comply with federal food safety requirements	≥ 98% compliance	Meat	96%	Not Met	Moderate Confidence
			Fish and Seafood	99%	Met	Higher Confidence
			Processed Products	100%	Met	Moderate Confidence
			Dairy	100%	Met	Moderate Confidence
			Shell Egg	99%	Met	Moderate Confidence
	Extent to which domestic and imported food products comply with federal chemical residue requirements	≥ 95% compliance	Meat	97%	Met	Moderate Confidence
			Fish and Seafood	95%	Met	Higher Confidence
			Fresh Fruit and Vegetables	97%	Met	Moderate Confidence
			Processed Products	99%	Met	Moderate Confidence
			Honey**	70%	Not Met	Moderate Confidence
			Shell Egg	94%	Not Met	Moderate Confidence
			Dairy	98%	Met	Moderate Confidence
	Time taken to issue public warnings for Class I recalls	100% of public warnings for Class I recalls are issued within 24 hours of a recall decision.		100%	Met	Higher Confidence
	Extent to which nutrition information on non-registered food products inspected is accurate[5]	≥80% of food products inspected declare nutrition information which is accurate.		76%	Not Met	Higher Confidence

* For more information on data ratings and limitations regarding the CFIA's performance indicators, please see Section 2.1.2.1.

** The explanation for the low rating of honey is found under the Performance Summary and Analysis of Program Activity section

[5] The wording of this indicator changed from the 2010–11 RPP. It no longer includes registered food products. The accuracy of nutrition information concerning registered food products is verified as part of the inspections for federally registered establishments, and their performance is reported in Table 2-2.

Additional Information:

Food Safety portal: www.foodsafety.gc.ca

Moving Forward on Food Safety Action on Listeria:
http://www.inspection.gc.ca/english/fssa/transp/prog/proge.shtml

CFIA Consumer Centre: www.inspection.gc.ca/english/fssa/concen/concene.shtml

Food Recalls and Allergy Alerts:
www.inspection.gc.ca/english/corpaffr/recarapp/recaltoce.shtml

FCSAP: http://www.inspection.gc.ca/english/fssa/concen/concengov/govplane.shtml

Healthy Canadians: http://www.healthycanadians.gc.ca/index-eng.php

Performance Summary and Analysis of Program Activity

Performance Summary, Trending and Compliance Methods

Extent to which inspected, federally registered establishments comply with federal food safety requirements:

Meat – 96% compliance – Not met

In 2010–11, the CFIA did not meet its target. The CFIA performed inspections of meat establishments using the new Compliance Verification System (CVS) and the new enforcement policy for meat. This compliance level is identical to that of the previous fiscal year of 2009-2010, the result of industry continuing to improve their understanding of the system and of the defined enforcement policy implemented in 2008-2009. The meat inspection program has unique elements, such as mandatory Hazard Analysis Critical Control Points, slaughter requirements, and export market requirements, and thus has a greater number of specific and defined inspection activities under the CVS. The CFIA continues to communicate and work with industry to increase understanding of these requirements and of the related CVS policies. The CFIA aims to increase the levels of compliance through ongoing communication and education and continue its vigilance through inspection and the enforcement of defined standards.

- The compliance rate for this indicator remains similar to that of the last three years. (2008–09, 95%; 2009–10, 96%; 2010–11, 96%)

Fish and Seafood – 99% compliance – Met

The CFIA continues to meet its target for Fish and Seafood. An initial implementation phase for strengthened Schedule I and II operating requirements for establishments is in place, and industry is working to address these requirements.

- Performance is similar to 2009–10. This is the second year in which performance was measured for this indicator since the methodology was changed in 2009–10. (2009–10, 99%; 2010–11, 99%)

Processed Products – 100% compliance – Met

Since the introduction of the *Processed Products Establishment Inspection Manual* (PPEIM) in 2008, industries have continued to improve their facilities. In addition, training on new procedures and directions regarding inspection has led to a more effective response to cases of non-compliance.

- Performance remains similar to 2009–10. (2008–09, 96%; 2009–10, 99%; 2010–11, 100%)

Dairy – 100% compliance – Met

Of the 162 in-depth dairy inspections performed, 15 establishments failed Category I health and safety infractions upon initial inspection. After the first follow-up, all facilities were in compliance with Category I items. The CFIA has continued to foster relationships with industry by working to promote a comprehensive understanding of food safety and inspection requirements.

- The performance target for the Dairy indicator has been met for the past 3 years. (2008–09, 100%; 2009–10, 100%; 2010–11, 100%)

Shell Egg – 99% compliance – Met

The Shell Egg performance target has been exceeded. The CFIA, through its field work with egg specialists and inspection staff, has continued to foster relationships with industry by working to promote a comprehensive understanding of food safety and inspection requirements.

- The performance target for the Shell Egg indicator has been met for the past 3 years. (2008–09, 100%; 2009–10, 99%; 2010–11, 99%)

Compliance Approaches and Methods

A monitoring approach[6] is used to assess compliance for all commodities under this indicator. Compliance results are determined at either the initial inspection or audit or in the first follow-up visit.

Extent to which domestic and imported food products comply with federal chemical residue requirements:

Overall, the CFIA met or exceeded its targets for all areas with the exception of Honey and Shell Egg.

Meat – 97% compliance – Met

- For the past three years, the performance target for the Meat sub-indicator has been met. (2008–09, 97%; 2009–10, 96%; 2010–11, 97%)

[6] Monitoring approach: Inspections, sampling and tests are conducted in such a way that the resulting compliance rates are representative of the CFIA-regulated population. Monitoring programs provide an adequate overview of industry competence in general.

Fish and Seafood – 95% compliance – Met

- For the past three years the performance target for the Fish and Seafood sub-indicator has been met. This is the second year that the Fish and Seafood indicator was measured since the methodology was changed in 2009–10. (2008–09, 96%; 2009–10, 95%; 2010–11, 95%).

Fresh Fruit and Vegetables – 97% compliance – Met

- For the past three years, the performance target for the Fresh Fruit and Vegetables sub-indicator has been met. (2008–09, 97%; 2009–10, 97%; 2010–11, 97%)

Processed Products – 99% compliance – Met

- For the past three years, the performance target for the Processed Products sub-indicator has been met. (2008–09, 99%; 2009–10, 99%; 2010–11, 99%)

Honey – 70% compliance – Not met

- Performance is partly due to the use of bee calming agents which, although not harmful to humans, are found in honey when tested. As the agents are not currently regulated as part of the *Food and Drug Regulations*, the maximum allowable residue limits (MRLs) have been set aggressively; this lowers compliance rates. HC continues to work to establish the allowable limit for the residue levels, which may in turn affect levels of compliance. The CFIA is also working to modernize and increase its testing capabilities and has put a new contract into place with its 3rd party laboratories. This has lowered detection limits and increased test sensitivity, but has also resulted in the increased detection of non-compliant honey products. The compliance rate for the Honey sub-indicator has increased to 70% (2008–09, 76%; 2009–10, 61%; 2010–11, 70%).

Shell Egg – 94% compliance – Not met

- In 2010–11, the compliance rate of Shell Egg decreased slightly to 94%. The new contract with the CFIA's 3rd party laboratories lowered detection limits and increased test sensitivity. This has resulted in the increased detection of non-compliant Shell Egg products. (2008–09, 97%; 2009–10, 97%; 2010–11, 94%).

Dairy – 98% compliance – Met

- Dairy compliance increased slightly in 2010–11 when compared to 2009–10. (2008–09, 98%; 2009–10, 96%; 2010–11, 98%).

Compliance Approaches and Methods

- Meat, Fresh Fruit and Vegetables, Processed Products, Honey, Shell Egg and Dairy
  These sub-indicators are monitored for compliance during the initial testing phase of food and product samples.

- Fish and Seafood
  A monitoring, targeted[7] and investigative[8] approach is used to assess compliance in the fish and seafood sector. Compliance results are assessed during the initial testing phase of food and product samples.

Time taken to issue public warnings for Class I recalls (100% compliance – Met):

In 2010–11, the CFIA effectively managed the issuance of 131 public warnings for Class I recalls regarding risks associated with food. All the warnings were issued within the 24 hour deadline following the declaration of a warning.

- The performance target of 24 hours has been met for the past 3 years.

Extent to which nutrition information on non-registered food products inspected is accurate (76% compliance – Not met):

Nutrition information accuracy – 76% compliance – Not met

- For non-registered food products, the slight decrease in performance regarding samples with accurate nutritional information is due to the risk-based approach used for sampling. Sampling targets nutrition risk areas and high-risk food sectors and operators. Compliance results vary from year to year and are dependent on the areas identified by the risk based approach. The compliance results for the last 2 years are provided for information only. They cannot be compared to one another since different high risk food sectors and operators are inspected every year. (2008–09, 85%; 2009–10, 80%; 2010–11, 76%)

Strategic Performance Analysis

In addition to the performance results summarized in Table 2-2, the CFIA also achieved the following results under the Food Safety and Nutrition Risks program activity:

In responding to the recommendations in the *Report of the Independent Investigator into the 2008 Listeriosis Outbreak*, the CFIA has implemented changes to food safety programs and directives that are designed to improve and strengthen existing processes and procedures. The CFIA was the lead in addressing 25 of a total of 57 recommendations. Action has been taken on all 25 recommendations. Five recommendations (9, 10, 31, 33, and 34) involve medium- to long-term action, and are either nearing completion or being advanced through Budget 2011 investments.

[7] Targeted approach: In cases where monitoring has identified specific compliance problems, the CFIA takes a targeted approach to inspections, sampling, and testing by focusing on the problem area and areas of highest risk. Non-compliant establishments or products are often sought out for the targeted approach to better define problem areas and reasons for non-compliance. For this reason, compliance rates of targeted programs are typically lower. Improved compliance is promoted through enforcement actions.

[8] Investigative approach: Compliance is assessed for the purposes of prosecution for non-compliance. Investigations involve gathering evidence and information from a variety of sources considered relevant to a suspected violation or offence.

The following are examples of progress that the CFIA has made with respect to the 25 recommendations for which it is the lead Agency:

- The CFIA, HC, and PHAC have established internal governance mechanisms to streamline information sharing and provide a more cohesive and forward-looking approach to food safety.
- Hired 170 meat inspectors over a period of two years across Canada.
- Developed and implemented a National Training Program for meat processing inspectors.
- Increased the use of laptops and cell phones and provided faster connectivity to better equip inspectors with modern technology. This will facilitate communication, faster reporting, and better coordination of inspection activities.
- Revised the Compliance Verification System (CVS) by introducing *Listeria* sampling tasks, a monthly walk-through of every establishment, a risk-based strategy placing more emphasis on RTE establishments, and the implementation of the Hazard Analysis and Critical Control Point (HACCP) system design tasks to ensure that establishments are meeting Food Safety Enhancement Program (FSEP) criteria.
- Developed the *Food Investigation and Response Manual* (FIRM) to provide guidance to CFIA staff on the delivery of food safety investigations and responses, including recall processes. The FIRM includes a template to share information with provinces and territories during post-recall verification as well as a revised *Checklist for Gathering Implementation Information and Verifying the FIRM's Recall Plan*.
- Developed and validated improved detection methods for *Listeria monocytogenes* and other food hazards to reduce testing time and enable a more rapid response during food safety investigations. For example, an enhanced method for detecting *Listeria* (results in 5-7 days instead of the current 10 days) has been developed.
- Formed a federal interdepartmental committee to establish an integrated laboratory network with members from the CFIA, HC , the PHAC, Agriculture and Agri-Food Canada (AAFC), Environment Canada, and the Department of Fisheries and Oceans (DFO).
- Developed a plan to perform trend analysis at both national and processing establishment levels and to design risk-based sampling for *Listeria* in RTE products.
- Launched the Consumer Association Roundtable, which gives consumers a voice in the food safety continuum and an opportunity to provide input on a variety of topics related to CFIA priorities, policies, programs, and services.

The Government of Canada's FCSAP aims to support active prevention in order to better identify food safety risks, target oversight and thus enhance inspection of high-risk food sectors, and provide a rapid response to problems when they occur. As part of this plan, the CFIA achieved the following in 2010–11:

- With respect to a better understanding of food safety risks the CFIA:
  - conducted targeted surveys on microbiological and chemical hazards for which approximately 25,000 samples were collected, resulting in about 59,000 different microbiological and chemical tests performed.
  - completed analysis of the results of 19 targeted surveys on microbiological and chemical hazards.
  - developed new platforms for testing and detecting pathogens such as *Listeria*, *Shigella* and *Campylobacter*.
  - enhanced engagement with international regulatory counterparts to advance food safety information exchange and inform risk management approaches.
- With respect to facilitating industry's implementation of effective risk mitigation:
  - for the Imported and Manufactured Food Sector, the CFIA published the Guide to Food Safety (GFS) to provide guidance to the food industry on the design, development, and implementation of effective preventative food safety control systems.
  - for the Fresh Fruits and Vegetables (FFV) Sector, the CFIA implemented changes to food safety monitoring programs. Its focus was on inspection activities concerning high-risk areas of the industry, such as packers and re-packers of fresh leafy vegetables, herbs and green onions. The CFIA developed and continues to deliver the following training products to inspection staff: Fresh Produce Training, including the Guide to Labelling Requirements of Fresh Fruits and Vegetables; Microbiological Sampling Training; and, Food Safety Investigation Manual Training.
- With respect to establishing appropriate regulatory measures:
  - held a public consultation to receive feedback on proposed requirements to enhance the safety of imported foods. The feedback, received both through online submissions and face-to-face sessions held in five cities across the country, was constructive and will be used to inform proposed regulations.
- With respect to enhanced inspection, import control, and recall capacity:
  - made improvements to the Automated Import Reference System database for the tracking of imported products entering Canada by increasing the number of Harmonized System Codes available for classifying traded products.
  - completed Phase I of the IM/IT enhancements by implementing foundational elements which will support applications for enhancing importer identification and imported product tracking.
  - implemented the FFV Establishment Inspection Pilot Project.
  - for the Imported and Manufactured Food Sector, the CFIA focused its inspection activities on high-risk areas while continuing to integrate food safety and labelling inspections.
  - expanded microbiology laboratory capacity in support of risk management interventions (including recalls) through the implementation of a 7-day work week.
  - enhanced awareness of the recall process, particularly with respect to all Class II and III undeclared-allergen recalls, directly sent to subscribers through email notifications.

- With respect to providing targeted risk information to consumers:
  - the *Canada's 10 Least Wanted Foodborne Pathogens* publication series was completed. This provides a package of information which includes a brochure, activity sheet, and children's trading cards to better inform consumers on the nature of the microorganisms that can cause foodborne illness.
  - a consumer-friendly booklet, *Common Food Allergies – A Consumer's Guide to Managing the Risks*, was published; it contains key information on the most common food allergens.

The CFIA is committed to continually strengthening its programs to maintain Canadians' high level of confidence in their country's food safety system. In 2010–11, the CFIA proceeded to emphasize the need for an enhanced food safety system that integrated the interests of government, consumers, and industry. To that end, the CFIA:

- Focused its CVS efforts in 2010–11 on assuring proper implementation and continuous improvement in the four main program areas (Meat Inspection, Animal Feed, Animal Transportation and Animal Identification). As part of its overall commitment to modernize and improve food safety, the CFIA will consider the utility and functionality of CVS as part of a broader development of inspection tools and processes for integrated data collection and reporting.
- Expanded its online information on compliance and enforcement activities. This includes data on food imports refused entry into Canada; notices on compliance with plant and animal health regulatory requirements; information pertaining to federally registered food establishment whose licenses have been suspended, cancelled or reinstated; and notices of violations, which includes issuing warnings and penalties and identifying repeat offenders of animal transport regulations.
- Expanded email notifications for allergy recalls to include Class II and III recalls, in addition to the existing practice of emailing Class I recalls and posting all classes of recalls on the CFIA website.
- Designed and implemented a revised *Listeria monocytogenes* (Lm) sampling plan for RTE products and other high-risk commodities, thus reflecting new HC categorizations for product risk, and improved operator controls to prevent the presence of Lm in high-risk products produced in federally registered establishments. The updated guidance, which allows for an overall view of the national situation and more intense sampling in facilities that are considered to be of higher risk than others, is now in place.
- Developed and delivered training regarding food products other than meat to over 570 inspection staff in anticipation of the implementation of the revised HC *Listeria* Policy for RTE Foods.
- Engaged CGAs such as the EU and the USFDA, who oversee the export of RTE meat products to Canada, to discuss the establishment and maintenance of program equivalence and comparability.

- Completed, in cooperation with HC, a pilot project to assess the food supply's potential vulnerabilities to an intentional contamination. The CFIA piloted vulnerability assessment methodologies and assessed each method for reliability and appropriateness for food.
- Continued to update sampling plans, policies, and procedures based on an assessment of risk, including the previous fiscal year's results and emerging threats, to keep pace with the constantly evolving environment. Data from inspection activities was used to further design and develop program oversight. The CFIA also used establishment and product inspection, good manufacturing practices (GMPs), border lookouts, and improved databases (ICTS) for better control over products on the Canadian market, whether domestic or imported.
- Funded research that included novel platforms (e.g. mass spectrometry, aptamer platforms, time-of-flight technology) to test for and detect pathogens such as *Listeria*, *Shigella* and *Campylobacter*.
- Completed revisions to the On-Farm and Post-Farm Food Safety Recognition Program protocols. These voluntary food safety recognition programs will continue the effort of promoting industry-led food safety programs to further enhance food safety practices (based on Canadian and international standards) throughout the food continuum.
- Implemented changes to food safety monitoring programs that focus inspection activities on high-risk sectors of the industry, such as packers and re-packers of fresh leafy vegetables, herbs and green onions. The safety of these high risk food products requires active oversight of industry practices and timely intervention to address deviations from GMPs in order to prevent potentially contaminated fresh products from reaching consumers. The integration of fresh produce safety requirements and the improvement of the CFIA's oversight and monitoring may help reduce the risk of foodborne outbreaks.
- Developed training to ensure that establishment inspection, GMPs and GHPs (good hygiene practices), and related follow-up activities are carried out according to the newly developed food safety inspection program.
- In July 2010, federal/provincial/territorial agriculture ministers agreed to advance three food safety priorities. These include:
  - developing an outcome-based national meat hygiene standard;
  - developing a program to reduce pathogens in meat and poultry; and
  - enhancing and integrating the surveillance of foodborne illness.
- Worked with federal/provincial/territorial partners to develop criteria and selected 17 establishments to be part of the pilot project, aimed at adjusting federal procedural requirements for small- and medium-sized enterprises seeking to trade inter-provincially. On-site visits of the pilot establishments were carried out in an attempt to conduct a preliminary analysis and identify possible modifications to the Manual of Procedures / Food Safety Enhancement Program Manual.

- Met with United States Department of Agriculture (USDA) Food Safety and Inspection System (FSIS) counterparts in January 2011 to discuss *Listeria* controls for imported RTE meat products, particularly the need to improve the alignment of differences between respective countries' meat inspection system requirements and procedures. The CFIA recognizes the need to focus on achieving similar and comparable outcomes in controlling and reducing the risk of Lm illnesses associated with RTE meat products. Results of the CFIA's random sampling of imported US meat products for the period to date continue to support the view that, while different, the US system continues to provide an acceptable level of protection against this risk for Canadian consumers.
- Held a national stakeholder information session in February 2011, which concerned the pathogen reduction in meat and poultry products file. A national baseline survey on *Salmonella* and *Campylobacter* in broiler chicken and meat products was designed. The survey is expected to be launched in 2011-12.
- Established the Assistant-Deputy-Minister-Level Committee on Enhanced Surveillance (ADM-CESC) across the Government of Canada to support the surveillance of foodborne illnesses. As a member of the ADM-CESC, the CFIA has been working to identify best practices and opportunities for sharing knowledge.
- Developed and implemented changes to the design and delivery of sampling plans to strengthen the monitoring and control measures of the food safety system, which involved focusing inspection activities on the high-risk sector of the industry; also developed training to ensure that establishment inspections and related follow-up activities are carried out according to the newly developed food safety inspection program.

Performance highlights for ongoing activities under Food Safety and Nutrition Risks included:

- Certifying 1.7 billion kilograms of meat for export.
- Issuing 29,164 export certificates for Fish and Seafood.
- Testing 24,798 samples of domestic and imported products for compliance with federal chemical residue requirements.
- Initiating, designing, and delivering regulatory programs and associated training for inspection staff.
- Drafting and updating regulations, programs, and policies. This includes updating the Compliance and Enforcement Operations Policy (CEOP), affirming the CFIA's overall approach to assessing compliance, and applying enforcement action when warranted. The updated CEOP places greater emphasis on transparency and on recourse mechanisms available to industry. The policy is available on the CFIA website at: http://www.inspection.gc.ca/english/agen/transp/comp/pole.shtml

- Continuing to work closely with federal, provincial, territorial and municipal authorities that share responsibility for food safety.
- Performing a wide range of inspection activities across the spectrum of food commodities (meat, fresh fruit, eggs, dairy, etc.) including establishment and product inspections, investigations, and education and outreach with regulated parties.
- Providing program support as well as food processing and production insight with respect to food-safety-related policy and procedure development.
- Leading and contributing to the development, interpretation, and evaluation of food inspection and enforcement programs, operational procedures, tolerances and standards; analyzing and bridging quality gaps in program delivery.
- Developing and delivering targeted consumer risk communications; consulting on and participating in food production and processing forums.

DID YOU KNOW?

Over 70% of the food products imported into Canada belong to the non-federally registered food sector. These products include bakery goods, ingredients, baby food, alcoholic beverages, and vegetable oils. Products that do not fall under the imported non-federally registered sector include whole and processed eggs, dairy, honey, fresh and processed fruits and vegetables, fish, and meat.

By the end of 2010–11, the CFIA had managed over 200 food recall incidents, reached 47,500 subscribers through the recall and allergy alert email notification service, and attracted over 1800 followers on Twitter.

Lessons Learned

In 2010–11, an internal audit of the CFIA's Management of Imported Food Safety was completed with the goal of assuring senior management that the CFIA's imported food activities are designed, organized, and delivered in order to achieve food safety objectives. The findings of this audit identified challenges related to coordination and to consistent planning efforts across commodity programs. Consequently, some of the key recommendations outlined by the audit included the need for a concerted agency approach to the planning, delivery, and reporting of programs and for a stronger governance structure to provide oversight and to clarify and realign accountability to business needs while simplifying decision-making. To address this matter, the Agency put in place (in 2010–11) a new governance framework based on its business line priorities (Food, Animal and Plant); this framework aligns with the Agency's Program Activity Architecture and establishes even stronger relationships between program policy, design, and delivery functions to enable better business planning, performance monitoring, reporting, and resource management.

The Food, Plant and Animal business line committees provide a forum for horizontal management discussions throughout the organization. The plans and priorities identified for these business lines serve as the basis to establish approved annual work plans for compliance verification, enforcement, and operational delivery activities.

Another lesson learned relates to the FSAP initiative. The accelerated pace and broad scope of the FSAP presented challenges for the Agency in terms of respecting their commitments in monitoring and reporting. To respond to this matter, the CFIA put various measures into place to enhance project management thoroughness within the Agency. The FSAP adopted these measures: formal senior management approvals at each stage of a project; a streamlined project governance structure to ensure that issues are raised and addressed promptly; project management training; tools to clearly define work plans; and improved project reporting with a focus on key risks, scope of project, timelines, and expense updates. These measures have been very useful in managing the FSAP as well as many other projects within the Agency.

Program Activity 2: Zoonotic Risks

Program Activity Description:

Zoonotics risks programs work with federal and provincial partners and organizations to improve the overall health of Canadians. A primary contribution to this effort is in protecting Canadians from the spread of diseases transmissible, or potentially transmissible, from animal populations to humans. Zoonotic risks are managed and minimized through the development and delivery of programs and services focused on the animal health aspect and designed to help prevent and control the spread of zoonotic diseases, support public awareness, conduct inspections, and monitor and test.

2010–11 Financial Resources ($ Millions)

Planned Spending	Total Authorities	Actual Spending
67.8	68.4	62.1

2010–11 Human Resources (FTEs)

Planned	Actual	Difference
561	515	(46)

Variance Analysis:

Actual Spending decreased by $21.2M over 2009–10 ($83.3M). The decrease is partially explained by the H1N1 Preparedness and Response which was funded for only one year (2009–10). The balance of the decrease is related to other corporate adjustments.

The following table identifies the CFIA's expected results, performance indicators, and targets for the Zoonotic Risks program activity. For more detailed information, including results from previous reporting periods, refer to the Summary of Performance Indicators in Section 4.1. Where applicable, performance indicator results have been rounded down to the nearest percentage point.

Table 2-3: Summary of Performance: Zoonotic Risks

Expected Result	Performance Indicators*	Targets	Performance Status		Data Quality Rating*
Risks of the transmission of animal diseases to humans are managed within acceptable limits.	Number of incidents of avian influenza that expand beyond the initial control zone	No expansion of the disease beyond the initial control zone.	No Expansion	Met	Moderate Confidence

* For more information on data ratings and limitations regarding CFIA's performance indicators, please see Section 2.1.2.1.

Additional Information:

Avian Influenza programming:
http://www.inspection.gc.ca/english/anima/disemala/avflu/avflue.shtml

Animal diseases: http://www.inspection.gc.ca/english/anima/disemala/disemalae.shtml

Performance Summary and Analysis of Program Activity

Performance Summary, Trending and Compliance Methods

Number of incidents of avian influenza that expand beyond the initial control zone (No expansion – Met):

The only incident of avian influenza that entered Canada in 2010–11 was Low Pathogenic Notifiable Avian Influenza (LPNAI) in November 2010. An initial control zone of 5 km was established as part of the CFIA's emergency response, and there was no spread of the disease beyond this control zone.

- In the past three years, there have been no incidents of avian influenza expanding beyond the initial control zone.

Strategic Performance Analysis

In addition to the performance results summarized in Table 2-3, the CFIA also achieved the following results under the Zoonotic Risks program activity:

The CFIA is committed to working collaboratively with partners and stakeholders to better anticipate, prevent, detect, and manage animal health risks and associated emergencies. These collaborations are designed to minimize the opportunity for the introduction of an animal health threat, minimize the time required to identify and respond to the threat,

maximize the participation of stakeholders in effectively managing the threat, and minimizing the time required to recover from the event. In 2010–11, the CFIA:

- Continued to lead animal health stakeholders through the Fore-CAN: Foresight for Canadian Animal Health project. The CFIA and its project partners applied foresight methods in analyzing the requirements of Canada's animal health emergency system for 2025 and beyond. This involved studying trends and future challenges to animal health and applying new insights in order to better anticipate, prevent, and prepare for animal disease and zoonotic threats in the area of animal health.
- Worked with federal and provincial animal and public health officials to identify the appropriate roles, responsibilities, and actions associated with exposure to diseases such as rabies, anthrax, tuberculosis and Notifiable Avian Influenza.
- Engaged with industry and government stakeholders to conduct foreign animal disease emergency management exercises and thus increase preparedness by clarifying roles and responsibilities at the front line of potential disease incursions.
- Completed its third year of the Canadian Notifiable Avian Influenza Surveillance System (CanNAISS), a highly successful multi-industry and government initiative, which provides stakeholders with real-time, national surveillance in support of animal health and international trade.
- Continued to disseminate and support diagnostic capabilities concerning reportable diseases in non-CFIA laboratories to allow clinical observation of a potential disease threat and laboratory characterization of the disease to occur in the shortest possible interval.
- Continued to work with the poultry industry, academia, provinces, and federal government partners to complete and disseminate the avian producer guidance document, which provides examples of biosecurity measures and best practices to achieve the outcomes of the *National Avian On-Farm Biosecurity Standard*.
- Engaged in consultative activities with industry, academia, provinces and federal government partners in developing farm-level biosecurity standards and producer guidance documents for the beef, dairy, bee, mink, sheep and goat industry sectors to provide nationally consistent tools that assist commodity sectors in proactively managing risks.
- Strengthened relationships with industry by sharing information and coordinating communication efforts related to biosecurity practices. The CFIA also participated in fairs and exhibitions to raise public and producer awareness of the simple steps they can take to minimize risks associated with animal diseases.
- Supported research to advance and improve the CFIA's diagnostic capability for the detection, identification and typing of important zoonoses, (e.g. rabies, bovine tuberculosis and *Salmonella enteritidis*).

The CFIA continued to monitor the level of BSE (Bovine Spongiform Encephalopathy) and the effectiveness of measures taken to control it in the domestic cattle population. Specifically, the CFIA:

- Tested 35,656 samples in 2010 with one confirmed positive for BSE. With this detection, the CFIA traced 360 animals to determine their disposition in order to inform domestic and international markets and provide reassurance that levels of BSE in Canada remain low and under control. No part of this confirmed BSE animal entered the human food supply or any animal feed systems.

Performance highlights for ongoing activities under Zoonotic Risks included:

- Drafting and updating programs and policies pertaining to Avian Influenza.
- Initiating, designing, and delivering training programs and exercises concerning Avian Influenza; this includes introducing procedures for animal disease response and investigation and developing the "Introduction to Disease Control Epidemiology" course.
- Developing, with the PHAC, a working group for collaborative integrated risk assessments that take into account zoonotic risks that may be associated with the importation of live animals or animal products.
- Working closely with other organizations such as PHAC or HC when a particular importation presents human health risks that fall beyond the mandate of the CFIA. In addition, three collaborative risk assessments were completed for Pandemic H1N1, H5N1 in Egypt, and the Monkeypox Virus.
- Working with industry and with federal/provincial/territorial partners to develop national farm-level biosecurity standards, including biosecurity planning guides for the animal sector, that mitigate zoonoses and other diseases of livestock and poultry.

DID YOU KNOW?

The CFIA is committed to sharing timely information to help minimize the risks associated with animal diseases. In an effort to better reach producers and the next generation of farmers, the CFIA launched the animal health Twitter account, participated in more than 30 conferences and agricultural exhibitions, placed targeted advertisements online, and developed strategic partnerships with national and provincial 4-H organizations.

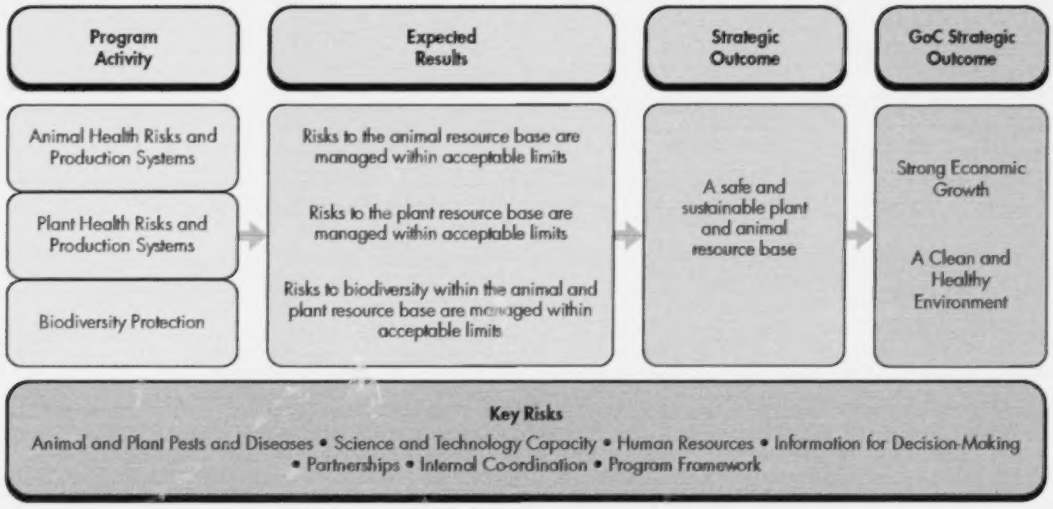
Lessons Learned

The communication and collaboration amongst the multiple partners in a 2010 Low Pathogenic Notifiable Avian Influenza outbreak in a Canadian turkey flock led not only to a successful and rapid resolution of the situation, but also to the illustration of the potential that multi-partner collaborations in disease control can exert in real time.

Having learned from challenges in previous AI outbreaks, the Agency focused on improving communication and coordination of efforts between the various levels of government and industry partners to improve the clarity of process and to define roles. The CFIA enhanced collaboration with provincial partners, including provincial laboratories, regional Operations staff and the National Centre for Foreign Animal Disease (NCFAD). Improved relationships with stakeholders allowed the CFIA to work with partners to clearly define roles and processes in the event of future outbreaks.

As a result, during the 2010 outbreak, all parties worked swiftly and efficiently due to the connections already established, including relationships with the Canadian Animal Health Surveillance Network and the Canadian Cooperative Wildlife Health Centre. These kinds of results are only possible through collaborative working arrangements amongst multiple partners and served as an affirmation of the measures put in place to address previous challenges.

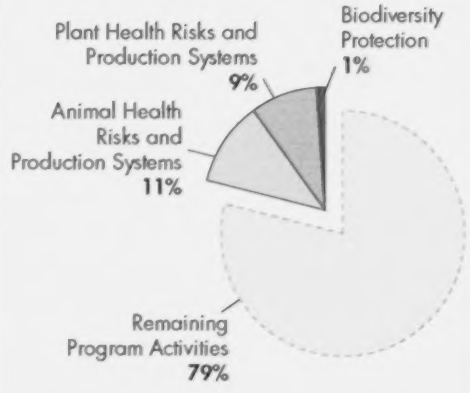
2.2.2 Strategic Outcome 2: A safe and sustainable plant and animal resource base


Program Activity
Expected Results
Strategic Outcome
GoC Strategic Outcome
Animal Health Risks and Production Systems
Plant Health Risks and Production Systems
Biodiversity Protection
Risks to the animal resource base are managed within acceptable limits
Risks to the plant resource base are managed within acceptable limits
Risks to biodiversity within the animal and plant resource base are managed within acceptable limits
A safe and sustainable plant and animal resource base
Strong Economic Growth
A Clean and Healthy Environment
Key Risks
Animal and Plant Pests and Diseases • Science and Technology Capacity • Human Resources • Information for Decision-Making • Partnerships • Internal Co-ordination • Program Framework

The CFIA's programming is aimed at protecting Canada's crops, forests, livestock, aquatic species, and wildlife from regulated pests and diseases; preventing the introduction of contaminants into human food or the environment through animal and plant production systems; and assessing the environmental sustainability and impact on biodiversity of new products derived through enabling technologies such as biotechnology. Through the work done in these areas, Canadians are able to remain confident in the quality of plants and plant products and in Canadian product access to export markets. In carrying out activities aimed at the achievement of this strategic outcome, the CFIA focused its efforts on the following five priorities:

- Design and deliver risk-based inspection and surveillance services
- Improve compliance through compliance management activities
- Modernize the Agency's regulatory components and tools
- Increase transparency and strengthen strategic partnerships and communications with key partners and stakeholders
- Develop a workforce and workplace such that the Agency is innovative, more effective, and well-managed

Percentage of 2010–11 Actual Spending: Strategic Outcome 2


Plant Health Risks and Production Systems 9%
Biodiversity Protection 1%
Animal Health Risks and Production Systems 11%
Remaining Program Activities 79%

While work under such program activities as Animal Health Risks and Production Systems, Plant Health Risks and Production Systems, and Biodiversity Protection is primarily aimed at addressing the Animal and Plant Pest and Disease risk areas, it also benefits the other key risk areas noted above.

Program Activity 3: Animal Health Risks and Production Systems

Program Activity Description:

Protection of the animal resource base is integral to the Canadian food supply and critical to the well-being of all Canadians. The animal heath risks and production systems programming plays an important role in minimizing and managing risk by protecting Canada's animals (including livestock and aquatics) from regulated disease, including deliberate threats to the resource base. Programs and services are developed and delivered to protect Canadian animal resources, feeds, and animal products, as well as to manage animal disease emergencies effectively. Public confidence in animals, production systems, animal products and their by-products is significantly enhanced by Canada's reputation for effectively mitigating the risk of serious diseases.

2010–11 Financial Resources ($ Millions)

Planned Spending	Total Authorities	Actual Spending
87.1	91.7	77.1

2010–11 Human Resources (FTEs)

Planned	Actual	Difference
792	700	(92)

Variance Analysis:

The following table identifies the CFIA's expected results, performance indicators, and targets for the Animal Health Risks and Production Systems program activity. For more detailed information, including results from previous reporting periods, refer to the Summary of Performance Indicators in Section 4.1. Where applicable, performance indicator results have been rounded down to the nearest percentage point.

Table 2-4: Summary of Performance: Animal Health Risks and Production Systems

Expected Result	Performance Indicators*	Targets	Performance Status			Data Quality Rating*
Risks to the animal resource base are managed within acceptable limits.	Extent to which the CFIA's data indicates that foreign regulated animal diseases have entered Canada via specified regulated pathways	No evidence, as confirmed by the CFIA's data, that foreign regulated animal diseases have entered into Canada through specified regulated pathways.	No Evidence	Met		Moderate Confidence
	Extent to which the CFIA's data indicates the spread of foreign regulated animal diseases that entered into Canada this fiscal year	No evidence, as confirmed by the CFIA's data of spread of foreign regulated animal diseases beyond the initial control zone.	No Evidence	Met		Moderate Confidence
	Extent to which inspected renderers and feed mills inspected are without any major deviations with respect to the *Feeds Regulations* and the *Health of Animals Regulations* (enhanced feed ban)[9]	≥ 95% compliance rate	Renderers	98%	Met	Higher Confidence
			Feed Mills	80%	Not Met	Higher Confidence

* For more information on data ratings and limitations regarding the CFIA's performance indicators, please see Section 2.1.2.1.

Additional Information:

Animal Health Programs: http://www.inspection.gc.ca/english/anima/animae.shtml

[9] For 2010–11, reporting was done by calendar year instead of fiscal year.

Performance Summary and Analysis of Program Activity

Performance Summary, Trending and Compliance Methods

Extent to which the CFIA's data indicates that foreign regulated animal diseases have entered Canada via specified regulated pathways (No evidence – Met):

The only foreign regulated animal disease that entered Canada in 2010–11 was Low Pathogenic Notifiable Avian Influenza (LPNAI) in November 2010. The CFIA contained the outbreak by Februrary 2011, and the CFIA's data did not indicate that this outbreak entered Canada via any specified regulated pathways. Unregulated pathways include situations outside of the CFIA's direct control, such as wild birds that may introduce the avian influenza virus to domestic poultry via direct or indirect contact. To address this and similar risks, the CFIA encourages poultry producers to heighten their poultry biosecurity measures and provides producers with biosecurity guidelines and standards.

- For the past three years, the CFIA has met its performance target for this indicator.

Extent to which the CFIA's data indicates the spread of foreign regulated animal diseases that entered into Canada this fiscal year (No evidence – Met):

The only incident of foreign regulated animal disease that entered Canada in 2010–11 was LPNAI in November 2010. The disease was contained within the initial control zone, and hence there was no spread of the outbreak.

- For the past three years, the CFIA has met its performance target for this indicator.

Extent to which renderers and feed mills inspected are without any major deviations with respect to the *Feeds Regulations* and the *Health of Animals Regulations* (enhanced feed ban):

Feed Mills – 80% compliance – Not met

- Feed Mills do not require licensing, and this reduces the number of methods that the CFIA can use to influence industry compliance. The CFIA continues to work with industry to promote a better understanding of the *Feed Regulations, Health of Animals Regulations*, and inspection requirements. For 2010–11, there was no significant change in performance for Feed Mills (compared to 2008–09). (2008–09 78%; 2010–11, 80%). This sub-indicator was not reported in 2009–10.

Renderers – 98% compliance – Met

- For 2010–11, there was an increase in performance for Renderers (compared to 2008–09). (2008–09 93%; 2010–11, 98%). This sub-indicator was not reported in 2009–10.

Compliance Approaches and Methods

- A monitoring approach is used to assess compliance for both sub-indicators. Compliance results are determined following a correction period of 60 days minimum after the end of the fiscal year.

Strategic Performance Analysis

In addition to the performance results summarized in Table 2-4, the CFIA also achieved the following results under the Animal Health Risks and Production Systems program activity:

The CFIA continued to modernize regulations and standards to better ensure that its work effectively meets the industry's evolving standards. In 2010–11, the CFIA:

- Worked with the National Farm Animal Council to modernize guidelines for farm animal producers and handlers, particularly as they relate to practices in raising, housing, handling, treating, and transporting particular species of animals. In addition, the CFIA continued work towards proposing updates to the requirements concerning the humane transport of animals in Canada.
- Regulated the Canadian animal health products industry, to facilitate timely access to safe and effective vaccines, antibody products, and diagnostic tests for the prevention, treatment, and diagnosis of infectious diseases in animals.

Traceability is the ability to follow an item or group of items – including animals, plants, food products, and agricultural inputs – from one point in the supply chain to another. In cases where problems are detected (e.g. disease outbreak, contaminated input), this ability allows the CFIA to better identify the source and extent of the problem (e.g. where the diseased animal, plant, or food product has been) and mitigate the impacts of the situation for a targeted, efficient, and effective response. The CFIA is working to enhance and expand the existing traceability program under the *Health of Animals Act*. For example, in 2010–11, the CFIA:

- Developed a Manual of Procedures and training programs associated therewith to enhance the resources and tools available to inspection staff when verifying adherence to regulatory requirements.
- Enhanced risk mitigation strategies through the development of traceability data sharing agreements across jurisdictions.
- Collaborated with industry stakeholders towards the development of livestock traceability systems.

Work also continued to protect animals from—and prepare for—disease threats. In 2010–11, the CFIA:

- Carried out several activities related to the CFIA's readiness to respond to animal disease emergencies in an attempt to address recommendations made in the Office of the Auditor General's (OAG) 2010 Fall Report (under Chapter 9 "Animal Diseases – CFIA"), completed in April 2010. In particular, the CFIA reviewed the status of all hazard-specific plans and prioritized them (based on risk) for updating and finalization purposes.

Chapter 9 of the OAG's Fall Report is available on the OAG's website at http://www.oag-bvg.gc.ca/internet/English/parl_oag_201010_09_e_34292.html

- Continued ongoing animal health emergency preparedness to provide a rapid and effective response to any foreign animal disease incursion in livestock or poultry anywhere in Canada and at any time. Examples include developing functional and hazard specific plans; elaborating associated procedures; drafting and updating regulations, programs and policies pertaining to various diseases; and initiating, designing and delivering training programs and exercises. With respect to foreign animal diseases, the CFIA conducts immediate assessments of field information, provides rapid consultation and communication, and uses sound judgment under pressure to ascertain and anticipate whether or not a national scale response is required.
- Continued to enhance Canada's preparedness for deliberate threats to the animal resource base through collaborative activities and information sharing with Canadian and international partners. Activities included sponsoring a workshop called "Security Dimensions of the Global Food System" and hosting an international workshop entitled "Biological Threat Prevention: The Global Food Supply Chain."
- Recognizing that communications are an integral part of planning for an outbreak of Foot and Mouth Disease (FMD), a FMD-specific web presence, public service announcements, and direct mail content have been prepared in advance for the public and for targeted groups. The CFIA also undertook efforts internationally (including support of research in diagnostic testing) to leverage best practices and prepare for possible outbreak scenarios.
- Continued to encourage on-farm biosecurity through the "Animal Health Starts on the Farm" campaign. Information was shared with producers and industry associations via calendars, brochures, posters, DVDs, face-to-face exhibits, public notices, Google AdWords, and Twitter.
- Maintained partnerships with 21 international airlines, which either broadcast the "Be Aware and Declare" biosecurity awareness video or distribute free brochures to passengers aboard flights to Canada. During the Foot and Mouth disease outbreaks in Asia in early 2011, Air Canada distributed over 20,000 "Be Aware and Declare" brochures on all their flights from the affected countries.
- Continued to conduct animal health risk analysis by researching and developing 27 scientific documents related to the import and export of animals, aquatic animal diseases, scientific advice, and evaluation of the disease status of various countries, zones, and regions. The CFIA also developed the capacity to use tools such as socioeconomic analyses, systematic reviews, and modeling, all of which are needed for scientific integration (e.g. the Canadian Regulatory Veterinary Epidemiology Network).
- Funded research in support of animal health programs to facilitate trade (e.g. molecular diagnostic technology for bovine leukemia, transmissible gastroenteritis, and porcine respiratory coronavirus).
- Supported research to better understand the biology of anaplasmosis and ehrlichiosis, and to improve diagnostic capability for these conditions.

The CFIA strives to protect the health of Canada's animals in an open and collaborative environment, working with partners in industry and other governments to encourage producer engagement and accountability, mitigate disease risks, and maintain market access. Ongoing improvements to compliance and enforcement activities, guided by the principles of fairness, impartiality, and transparency, enhance the CFIA's ability to administer and enforce acts and regulations related to animal health. In 2010–11, the CFIA:

- Continued conducting feed establishment and feed product compliance verification activities, including monitoring for biological and chemical contaminants and verification of medication guarantees.
- Designed, developed and piloted a CVS inspection protocol for feed ingredient manufacturers, which was designed to facilitate a consistent and standardized inspection protocol. The information from the pilot is being used to develop an improved inspection program.
- Reviews of the CVS meat guidelines and verification tasks were conducted in May 2010 and March 2011. As a result, revisions and amendments were made to the CVS; these included the development and application of a risk-based strategy to ensure effective and appropriate food safety controls.
- Began its focus on the new CVS approach for humane transportation and animal identification. An inspector training plan was created to address the compliance and enforcement activities that need to be captured in CVS for these two programs. Further implementation will take place following the Inspection Modernization Project.
- Launched an enforcement transparency initiative that included publishing on its website the names of companies that have repeatedly violated humane transport regulations in Canada, in an effort to promote and regulate animal welfare.
- Promoted the new reporting requirements for the NAAHP to the public and industry through articles in the *Canadian Veterinary Journal*, via the web, and in brochures. As legislative implementation of the NAAHP continues, the CFIA continued to work with its partners, such as the Assembly of First Nations, to ensure that information needs are met
- Published amendments to the *Compensation for Destroyed Animals Regulations* in order to increase the maximum amounts that may be paid to producers whose poultry is ordered to be destroyed in a disease outbreak. The amendments ensure a maximum poultry compensation rate that is reflective of today's market realities, which in turn will help continue the promotion of early reporting of diseases controlled under the *Health of Animals Act* and its regulations. They also encourage producer cooperation and participation during control efforts meant to prevent or reduce the spread of disease.
- Negotiated export certificates with different countries to protect market access for Canadian aquatic animals.

Performance highlights for ongoing activities under Animal Health Risks and Production Systems included:

- Conducting 3,117 pre-market assessments of livestock feeds to verify safety and efficacy. The pre-market assessment of livestock feeds is a preventative measure that contributes to the health of livestock and humans (via direct exposure or food) and to environmental safety.
- Conducting feed establishment and feed product compliance verification activities, which include the inspection of 475 feed mills and 48 rendering facilities. These activities allow the CFIA to confirm the compliance of feeds in the marketplace and to ensure that appropriate manufacturing controls are in place.
- Working with industry and federal/provincial/territorial partners, under Growing Forward, to develop national farm-level biosecurity standards. This also includes the development of biosecurity planning guides for animal and plant sectors. The CFIA's ongoing work contributes to the sustainability of the animal and plant resource base.

DID YOU KNOW?

Through revisions to regulations supporting the National Aquatic Animal Health Program (NAAHP), the CFIA now has the authority to receive and respond to any suspected or confirmed cases of the 20 reportable diseases and 15 immediately notifiable diseases affecting aquatic animals.

Lessons Learned

In 2010, the presence of clinical signs suggestive of a Foot and Mouth Disease (FMD) outbreak resulted in the CFIA investigating a Canadian Meat Packing Establishment. While no FMD (or any other swine vesicular disease) was found following laboratory analysis, the incident served to raise awareness about the prospects of finding a case of FMD in Canada. Activities related to the incident included the CFIA conducting a post-incident assessment, which resulted in the identification of a number of issues that warranted further attention. Subsequent to the CFIA's post-incident assessment, an FMD workshop was held in early March 2011 to identify roles and responsibilities in the first 24-48 hours of a suspected case of FMD. The assessment and workshop identified the following key areas which require action:

- Having learned from initial communication issues immediately following the plant closure, and the confusion among industry stakeholders that ensued, the CFIA identified that a brief, factual message related to the reason behind CFIA actions is needed within 2 hours of any regulatory action of this nature.
- The appropriate chain of events and specific individuals that must be involved when suspicion of a reportable animal disease arises have been clarified to allow the CFIA to utilize available expertise in order to determine the associated level of risk and quickly identify the actions to be taken. This includes sending digital photographs of the specimen in question from the field location to experts at a CFIA laboratory so they may provide an expert opinion on the situation.
- Contingency plans for an FMD investigation at a registered establishment were found to be incomplete in some areas. Following the incident, the relevant chapter of the meat hygiene procedures was completely revised and updated.
- The CFIA worked with Industry partners to improve response measures and assisted industry by reviewing and suggesting revisions to their contingency plans.

Program Activity 4: Plant Health Risks and Production Systems

Program Activity Description:

Protection of the plant resource base is integral to the Canadian food supply and critical to the well-being of all Canadians. Plant health risks and production systems programming plays an important role in minimizing and managing risk by protecting Canada's plant resource base (crops and forests) from regulated pests and diseases, including deliberate threats to the resource base, and regulation of agricultural products. Programs and services are developed and delivered to protect Canadian plant resources, fertilizers and plant products. Public confidence in plants, production systems and plant products is significantly enhanced by Canada's reputation for effectively mitigating the risk of serious pests and diseases.

2010–11 Financial Resources ($ Millions)

Planned Spending	Total Authorities	Actual Spending
61.3	70.5	68.3

2010–11 Human Resources (FTEs)

Planned	Actual	Difference
660	687	27

Variance Analysis:

Actual Spending decreased by $21.4M since 2009–10 ($89.7M). This is mainly due to one-time funding received in 2009–10 to assist in the payment of litigation costs, a decrease in compensation payments which fluctuate annually ($2.2M), as well as other corporate adjustments.

The following table identifies the CFIA's expected results, performance indicators, and targets for the Plant Health Risks and Production Systems program activity, and reports 2010–11 performance results measured against these expectations. For more detailed information, including results from previous reporting periods, refer to the Summary of Performance Indicators in Section 4.1. Where applicable, performance indicator results have been rounded down to the nearest percentage point.

Table 2-5: Summary of Performance: Plant Health Risks and Production Systems

Expected Result	Performance Indicators*	Targets	Performance Status		Data Quality Rating*
Risks to the plant resource base are managed within acceptable limits.	Extent to which CFIA data indicates the entry and establishment of new and foreign regulated plant diseases and pests into Canada (listed diseases/pests in the Regulated Pest List for Canada)	No evidence, as confirmed by CFIA's data, of the entry and establishment of new, foreign regulated plant diseases and pests into Canada through specified regulated pathways.	1 Entry	Not Met	Lower Confidence
	Extent of change in the presence of regulated plant diseases or pests beyond the regulated areas	No evidence of increase in the size of regulated areas for plant diseases/pests attributable to human activity.	3 pests outside regulated area	Not Met	Higher Confidence
	Extent to which Plant Health risks identified by the CFIA (within and outside Canada) are communicated to the affected stakeholders	Following the identification of a plant health risk, appropriate information is communicated with the relevant stakeholders in less than one month.	37% communicated in less than one month	Not Met	Moderate Confidence

* For more information on data ratings and limitations regarding the CFIA's performance indicators, please see Section 2.1.2.1.

Additional Information:

Plant Protection Programs: http://www.inspection.gc.ca/english/plaveg/plavege.shtml

Plant Pests: http://www.inspection.gc.ca/english/plaveg/pestrava/pestravae.shtml

Performance Summary and Analysis of Program Activity

Performance Summary, Trending and Compliance Methods

Extent to which CFIA data indicates the entry and establishment of new and foreign regulated plant diseases and pests into Canada (listed diseases/pests in the Regulated Pest List for Canada) (1 entry – Not Met):

In 2010–11, one low-risk pest, Japanese apple rust (*Gymnosporangium yamadae*) which is currently identified on the Regulated Pest List was identified as having entered and established in Canada. Based on a pest risk assessment and initial risk management analysis, it has been determined that this is a low-risk pest for Canada. This pest is also present and not currently regulated in the US. When the CFIA confirms that a plant pest or disease has been detected in Canada, the CFIA responds quickly by investigating the risk posed to Canada's plant resource base and by developing strategies for control and eradication as appropriate.

- Over the past three years, 2010–11 was the only year in which a pest entered, and became established in, Canada.

Compliance Approaches and Methods

- A monitoring approach is used to assess compliance. Compliance results are determined following a correction period of 60 days minimum after the end of the fiscal year.

Extent of change in the presence of regulated plant diseases or pests beyond the regulated areas:

Change in presence of plant diseases or pests – 3 pests outside regulated area – Not met

- Prevention of the spread of plant pests through human activity relies on regulated parties' and the general public's awareness of any restrictions on the movement of regulated or high-risk materials from an infested area to a non-infested area and on adherence to the regulatory requirements.
- The CFIA continues to focus on a proactive approach of education and outreach aimed at informing the general public about the significance of plant health in Canada. In addition, the CFIA is trying to broaden their surveillance reach through external partnerships with provinces and municipalities. The spread of plant pests through human activity is mitigated by public awareness of any restrictions on the movement of regulated or high-risk materials from an infested area to a non-infested area.
- Many plant pests can also spread through natural means beyond human activity, such as flying, wind, etc. Unfortunately the natural spread of plant pests can only be prevented through eradication efforts, which may not always be feasible or possible. It is also very difficult to attribute pest spread to human activities or the natural spread of a pest because the scientific data focuses on the presence or absence of a pest in a specified area.
- The three pests that spread outside of their regulated area were the Emerald Ash Borer, the Brown Spruce Longhorned Beetle, and the North American Gypsy Moth.

- The CFIA's proactive approach of education and outreach has contributed to improving the performance of this indicator over the past 3 years. The CFIA's approach is aimed at informing the general public about the significance of plant health in Canada. (2008–09, Five pests spread; 2009–10, Four pests spread; 2010–11, three pests)

Extent to which Plant Health risks identified by the CFIA (within and outside Canada) are communicated to the affected stakeholders:

Plant Health Risk communication – 37% communicated within one month – Not met

The Pest Risk Analysis process is a three-step process, based on international standards, that includes Pest Risk Assessment, Pest Risk Management, and Pest Risk Communication. The CFIA first conducts Pest Risk Assessments to evaluate potential biological risks that a plant commodity, pest, or plant pest pathway (e.g. soil) had on Canada. Based on the Pest Risk Assessment and an assessment of other factors, such as economic and trade issues, a proposed management strategy is developed, and a Risk Management Document is completed. Following consultations with stakeholders on the management strategy contained in the Risk Management Document, the CFIA communicates the final approach.

- In many cases, Plant Health Risks were not communicated within 30 days due to the level of analysis and consultation required to develop the necessary Risk Management Document. The CFIA will continue to work towards improving its tracking and timing of communications and consultations with stakeholders as well as the consistency in its communication tools.
- Performance has improved moderately compared to 2008–09. This indicator was not reported in 2009–10 due to a change in methodology. (2008–09, 33%; 2009–10, Not Reported; 2010–11, 37%)

Strategic Performance Analysis

In addition to the performance results summarized in Table 2-5, the CFIA also achieved the following results under the Plant Health Risks and Production Systems program activity:

In keeping with most regulatory organizations, a significant contribution to the success of the regulatory programs that the CFIA administers is the awareness and engagement of the regulated parties, of partners, and of the Canadian public. This awareness helps stakeholders understand the objectives and importance of the programs and enables them to help meet the goal of mitigating risks to the plant resources base. This maximizes the effectiveness of the programs. In 2010–11, the CFIA:

- Delivered training in identification, detection, surveillance, risk assessment and risk analysis of plant pests (insects, diseases and plants) within the CFIA and for partners.
- Developed and distributed information products (http://www.inspection.gc.ca/english/plaveg/invenv/invenve.shtml) to partners, stakeholder organizations, and members of the public across Canada to enhance Canadians' awareness of invasive species and their spread.

- Continued to develop a strengthened trading relationship with China; this included the expansion of two systems-based programs focused on risk mitigation and inspection at origin. In the fall of 2010, the CFIA undertook an audit of the export certification program for apples from China, and also approved an additional province for the export of apples to Canada.
- Worked closely with the USDA and the North American Plant Protection Organization partners, and collaborated bilaterally with China, Japan, and Korea to identify high-risk ports for the Asian Gypsy Moth (AGM). Subsequently, increased requirements for inspection at origin and destination have been implemented to protect North America from this pest.
- Worked closely with various stakeholders to revise import requirements for Canadian table and processing (non-seed) potatoes that come from areas infested with nematodes of quarantine significance to Canada. The revised directive includes a system-based approach to establishing compliance agreements for facilities that import material which would be otherwise prohibited. The directive also places a strong emphasis on risk mitigation at origin for commercially packed products and risk mitigation at destination, in Canada, for products imported in bulk or for re-packing.
- Posted and updated Plant Protection Policy Directives and information on invasive alien species on the CFIA's external website: (http://www.inspection.gc.ca/english/plaveg/protect/dir/directe.shtml). In addition, directive updates are also distributed through a public ListServ. These directives provide detailed and specific information regarding regulatory requirements for commodities of various origins. Clear documentation of the regulatory programs regarding import is aimed at reducing the entry and spread of invasive species.

The CFIA recognizes that mitigation of risks to the plant resource base depends on effective environmental scanning, identification of high-risk pests and pathways, and collaboration between internal and external stakeholders to develop and implement effective risk mitigation measures for plant commodities. Additionally, the ongoing evaluation of programs and subsequent refinement, where appropriate, is important to ensure continued relevance and effectiveness. In 2010–11, the CFIA:

- Developed the pilot project concerning the Invasive Plants Policy and Canada's Least Wanted Plants, which included a broad stakeholder consultation to validate the policy and plant species being considered for regulatory action.
- Delivered all initiatives entailed in the Detailed Technical Action Plan (DTAP) in response to the recommendations of the 2008–09 OAG Plant Health Audit, the 2009 Standing Committee on Public Accounts (PACP) report which focused on plant health imports, and the 2008 internal evaluation of the CFIA Invasive Alien Species (IAS) program. These initiatives were intended to strengthen processes and tools and to improve implementation and collaboration with other government departments and thus contribute to protecting the plant resource base.

- Collaborated with federal/provincial/territorial partners and stakeholders to develop and implement preventative measures for IAS. This included initiating with partners and developing national Early Detection Rapid Response mechanisms, diagnostic methods, and tools for identifying high risk IAS.
- Initiated a review of Canada's List of Regulated Pests, of import monitoring processes, of tracking tools, and of inspection and surveillance activities to limit the introduction of IAS upon import and to determine the presence and distribution status thereof in Canada.
- Continued to monitor plant imports and pest reports, conducted pest and weed risk assessments and surveys, and developed and implemented phytosanitary requirements in order to mitigate the risk of introducing newly identified pests of concern.
- Continued ongoing risk mitigation regarding identified pests of concern in the country of origin thereof; this was done through the development and audit of systems approaches in foreign countries. The CFIA also required that plants undergo pest risk analysis prior to their importation.

Performance highlights for ongoing activities under Plant Health Risks and Production Systems included:

- Regulating the movement or use of plants, plant products, and other pathways to mitigate the introduction and spread of plant pests and diseases, and issuing 63,751 phytosanitary certificates to facilitate the export of Canadian plants and plant products through plant movement certificates.
- Delivering significant responses with respect to high-profile plant pests, including the Plum Pox Virus (PPV), Emerald Ash Borer (EAB), Brown Spruce Longhorn Beetle (BSLB), Asian Longhorned Beetle (ALHB), and Potato Cyst Nematode (PCN).
- Conducting surveys of 23 different pests or pathways, including 17,500 surveys of various plant pests in approximately 20,000 sites.
- Continuing engagement with federal/provincial/territorial government partners, stakeholders, and trading partners through stakeholder engagement (e.g. invasive plants policy consultation and on-going consultations/requests for information) to further collect information on the trade of specific plant species in Canada.
- Consulting with industry, academia, provinces, and federal government partners in the development of farm-level biosecurity standards and producer guidance documents for the potato and grains and oilseeds industry sectors to provide nationally consistent tools that help commodity sectors to proactively manage risk.
- Reviewing fertilizer and supplement products through the use of scientific evaluations made on all ingredients (active and inert) so as to ensure that they do not pose any risk to human, plant, or animal health or to the environment when used according to directions. This ensures that the products comply with current efficacy and safety standards, thereby supporting a safe food supply.

- Regulating Canadian seed, fertilizer, and plant products to facilitate timely access to safe and effective products; this includes the receipt of 884 submissions for seed, fertilizer, and plant product re-registrations, new registrations, amendments, and inquiries.
- Undertaking diagnostic tests for the detection of plant pests and diseases, for seed quality, and for fertilizer safety and efficacy; over 200,000 samples were received for analysis.

DID YOU KNOW?

Originally detected in the Toronto/Vaughn area of Ontario in 2003, the Asian Longhorned Beetle (ALHB) is currently under an eradication program being implemented by the CFIA in collaboration with the municipalities involved. More than 25,000 infested trees have been removed since 2003, with no beetles detected since 2008. After two more years of nil detections, in 2013, the CFIA will be able to declare ALHB as successfully eradicated from Canada. The CFIA is strengthening its import policy with respect to this pest, and it is continuing to conduct national surveys and collaborate with partners with regard to communication and research efforts.

Lessons Learned

In 2008, the Office of the Auditor General (OAG) completed an audit which highlighted the CFIA's challenges with respect to managing risks to the plant resources base. Key findings of the OAG identified the need for tools, processes, and data analysis capacity to help prioritize and apply a targeted approach to delivering activities that focus on protecting Canada's plant resource base within the resource levels available. Since 2009, the CFIA has implemented refined processes and prioritization tools to support the completion of pest risk assessments and the delivery of surveys.

Due to an increase in the volume and the complexity of global trade, plant protection organizations around the world are facing greater challenges with respect to implementing effective environmental protection measures. Based on past experience, the CFIA recognizes the value in working with other plant protection organizations to develop international standards that mitigate risks associated with global trade. In the longer term, the CFIA is also exploring the development of an international engagement strategy on plants, a strategy that will guide international engagement activities, thus targeting resource investments to maximize results and benefits. Continued risk mitigation will also be reliant upon clear and transparent communication of Canadian import requirements to all stakeholders, including the CFIA's international partners.

Program Activity 5: Biodiversity Protection

Program Activity Description:

Protection of Canada's biodiversity is critical to the sustainability of Canada's environment. Biodiversity protection programming plays an important role in minimizing and managing risks to Canada's environment by developing and delivering programs and risk mitigation strategies to protect Canada's biodiversity from the spread of invasive species and other pests due to environmental change, and from novel agricultural products, including products of emerging technologies. Programs are developed and delivered to assess and manage environmental safety for the introduction of agricultural products. Through these programs, public confidence in Canada's ability to assess and manage the risks associated with the introduction of new species and/or new agricultural products is maintained and significantly enhanced.

2010–11 Financial Resources ($ Millions)

Planned Spending	Total Authorities	Actual Spending
12.9	12.9	10.8

2010–11 Human Resources (FTEs)

Planned	Actual	Difference
99	116	17

The following table identifies the CFIA's expected results, performance indicators, and targets for the Biodiversity Protection program activity. For more detailed information, including results from previous reporting periods, refer to the Summary of Performance Indicators in Section 4.1. Where applicable, performance indicator results have been rounded down to the nearest percentage point.

Table 2-6: Summary of Performance: Biodiversity Protection

Expected Result	Performance Indicators*	Targets	Performance Status		Data Quality Rating*
Risks to biodiversity within the animal and plant resource base are managed within acceptable limits	Percentage of inspections of novel products that demonstrate compliance with the requirements and standards outlined in the respective authorizations for experimental purposes	Plants with Novel Traits: 90%	96%	Met	Higher Confidence
		Novel Supplements: 95%	96%	Met	Moderate Confidence
		Novel Feed: 80%	N/A	No Inspections Performed	N/A
		Veterinary Biologics: 80%	100%	Met	Moderate Confidence

* For more information on data ratings and limitations regarding the CFIA's performance indicators, please see Section 2.1.2.1.

Additional information:

Invasive Alien Species: http://www.inspection.gc.ca/english/plaveg/invenv/refe.shtml

Plant Biosafety: http://www.inspection.gc.ca/english/plaveg/bio/pbobbve.shtml

Performance Summary and Analysis of Program Activity

Performance Summary, Trending and Compliance Methods

Percentage of inspections of novel products that demonstrate compliance with the requirements and standards outlined in the respective authorizations for experimental purposes:

Plants with Novel Traits – 96% compliance – Met

- Compliance rates for Plants with Novel Traits continue to be met or exceeded. The Plants with novel traits sub-indicator has met its target for the last three years due to applicants' increasing experience with the program requirements and on-going communication with industry.

Novel Supplements – 96% compliance – Met

- Compliance rates for Novel Supplements continue to be met or exceeded. The compliance rate for novel supplements has improved slightly from 2009–10. (2008–09, 80%; 2009–10, 95%; 2010–11, 96%)

Veterinary Biologics – 100% compliance – Met

- The compliance rate for Veterinary Biologics has not changed. This is the second year that this sub-indicator has been reported. (2009–10, 100%; 2010–11, 100%)

Novel Feed – N/A

- Performance against this target cannot be assessed as no Novel Feed inspections were performed in 2010–11. Individuals or companies who intend to conduct research with novel feeds must apply for an Authorization of the Release of a Novel Feed for Research Purposes from the CFIA. The CFIA reviews applications and assesses the potential of risk to livestock, humans, and the environment. Research trials authorized by the CFIA typically require the applicant to meet certain conditions, such as the safe disposal of research materials. These conditions can be verified by the CFIA through inspections depending on the level of assessed risk. For 2010–11, no compliance verification activities were carried out for the two novel feed products that received authorization, based on their low levels of assessed risk. No inspections were performed in 2009–10 and 2010–11. This is the second year that this sub-indicator has been reported. (2008–09, N/A; 2009–10, N/A; 2010–11, N/A)

Compliance Approaches and Methods

For the Plants with Novel Traits, Novel Supplements, and Veterinary Biologics sub-indicators, a monitoring approach is used for assessing compliance, and compliance results are determined in the initial inspection. For the Novel Feed sub-indicator, a directed approach is used for assessing compliance, and compliance results are determined in the initial inspection.

Additional Information

Invasive Alien Species: http://www.inspection.gc.ca/english/plaveg/invenv/refe.shtml

Plant Biosafety: http://www.inspection.gc.ca/english/plaveg/bio/pbobbve.shtml

Strategic Performance Analysis

In addition to the performance results summarized in Table 2-6, the CFIA also achieved the following results under the Biodiversity Protection program activity:

Introducing new and innovative products contributes to maintaining the competitiveness of Canada's agricultural sector. However, competitiveness and innovation cannot come at the expense of environmental safety or sustainability. With ongoing advancement in new technologies and new products, the CFIA must work closely with its partners to enable regulatory programs to keep pace with innovation in Canada wherever possible. To that end, in 2010–11, the CFIA:

- Provided technical expertise on interdepartmental efforts to respond to current challenges in the low-level presence of low-risk unauthorized products that have future implications on trade.

- Collaborated with technical experts in the federal government to ensure adequate coordination of the regulation of plants with novel traits that are not intended for general use as food or feed.
- Developed a long-term research strategy, which includes biotechnology, to provide strategic direction for regulatory research to inform decision making, program design, and operational program delivery.
- Supported research into new knowledge and technologies in support of plant pest risk analysis, invasive alien species, and biodiversity.
- Continued work to propose revisions and development of safety standards, policies, and precautionary labelling statements for fertilizer and supplement products to ensure that they are safe and used in an environmentally sustainable manner.
- Worked to increase the capacity to conduct scientific evaluations of novel products by collaborating with international partners through the Organization for Economic Cooperation and Development (OECD) and other forums in order to develop internationally harmonized risk assessment approaches. Efforts towards harmonization of the risk assessment process allowed the CFIA to build on lessons learned and best practices in other countries, enabling the CFIA to leverage foreign expertise and facilitate ongoing access to foreign markets for Canadian novel commodities (including plants with novel traits and other agricultural inputs derived through biotechnology).

Performance highlights for ongoing activities under Biodiversity Protection included:

- Conducting almost 800 assessments and oversight activities concerning research trials for Plants with Novel Traits (PNT), fertilizer supplements, novel feeds, and the protection of veterinary biologics. These assessments help evaluate PNT performance, study their environmental safety, and prepare them for environmental release.
- Conducting pre-market assessments of fertilizer and supplement products to verify their safety and efficacy and performing pre-market PNT assessments concerning the environmental safety of new crop technologies. These preventative measures contribute to the health of humans (via direct exposure or food), livestock, and environmental safety.
- Continuing engagement in OECD efforts in the area of biotechnology. These efforts facilitate regulatory harmonization between OECD member countries with respect to biotechnology products. Activities include the creation and publication of consensus documents that provide useful information (e.g. information on approved best practices when performing risk assessments or biological information on agricultural crops).

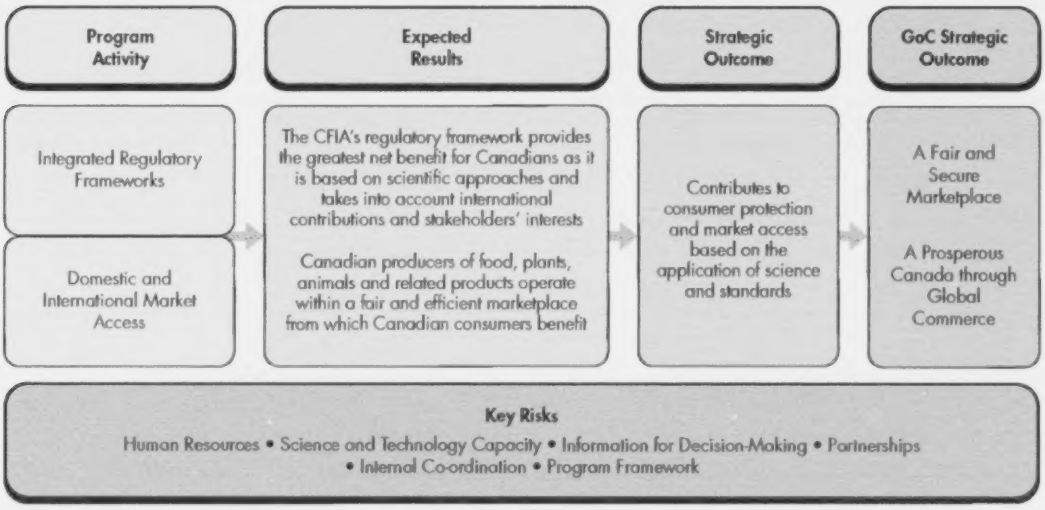
DID YOU KNOW?

The CFIA conducted an environmental assessment and authorized unconfined environmental release of drought-tolerant corn. This made Canada the first country in the world to authorize a drought-tolerant crop for commercial planting. Drought-tolerant crops, which require less water, may enable Canadian farmers to obtain higher yields in spite of climate change. The environmental assessments of drought-tolerant crops are more complex and challenging than those for crops with more familiar types of traits, such as tolerance to herbicides or resistance to insects.

Lessons Learned

In the past, the Fertilizer Program experienced file review backlogs which caused significant delays in product approvals and registrations. This affected the CFIA's ability to meet its service delivery standards, which then affected the introduction of new fertilizers and supplements into the Canadian marketplace for Canadian farmers. In consultation with stakeholders, a backlog reduction action plan was developed and implemented, resulting in the elimination of file backlogs. Over the past fiscal year, the Fertilizer program worked towards further streamlining the regulatory requirements and improving service delivery standards. This work included a tiered, risk-based approach where well established products with a history of performance and marketplace acceptance are subject to reduced requirements.

2.2.3 Strategic Outcome 3: Contributes to consumer protection and market access based on the application of science and standards


Program Activity
Expected Results
Strategic Outcome
GoC Strategic Outcome
Integrated Regulatory Frameworks
Domestic and International Market Access
The CFIA's regulatory framework provides the greatest net benefit for Canadians as it is based on scientific approaches and takes into account international contributions and stakeholders' interests
Canadian producers of food, plants, animals and related products operate within a fair and efficient marketplace from which Canadian consumers benefit
Contributes to consumer protection and market access based on the application of science and standards
A Fair and Secure Marketplace
A Prosperous Canada through Global Commerce
Key Risks
Human Resources • Science and Technology Capacity • Information for Decision-Making • Partnerships • Internal Co-ordination • Program Framework

The CFIA's programming contributes to securing the conditions needed for consumer protection (as it relates to food and certain agricultural products) and for a prosperous Canadian agri-food sector that is able to access domestic and global markets. The CFIA aims to verify that information provided to Canadian consumers through labels and advertising is truthful and not misleading. The CFIA also works to facilitate continued and new market access for Canadian agriculture, fishery, forestry, and food products by verifying that Canadian products meet domestic regulations and international standards and by reflecting Canada's interests when negotiating technical arrangements and standards in the international arena. In carrying out activities toward the achievement of this strategic outcome, the CFIA focused its efforts on the following five priorities:

- Design and deliver risk-based inspection and surveillance services
- Improve compliance through compliance management activities
- Modernize the Agency's regulatory components and tools
- Increase transparency and strengthen strategic partnerships and communications with key partners and stakeholders
- Develop a workforce and workplace such that the Agency is innovative, more effective, and well-managed

Percentage of 2010–11 Actual Spending: Strategic Outcome 3

Work under the Integrated Regulatory Frameworks and Domestic and International Market Access program activities is primarily aimed at addressing the Program Framework and Partnerships risk areas; however, it also benefits the other key risk areas noted above.

Program Activity 6: Integrated Regulatory Frameworks

Program Activity Description:

Integrated regulatory frameworks programming enables the economic prosperity of Canadians through its contribution to the development and effective implementation of national and international regulatory frameworks for food, animals and plants, and their products that are transparent, science-based, rules-based and mutually reinforcing. By contributing to the development of these frameworks, the ability of different jurisdictions to protect against sanitary and phytosanitary risks and to pursue other legitimate objectives in a manner that is consistent with a fair and competitive market economy is reinforced.

2010–11 Financial Resources ($ Millions)

Planned Spending	Total Authorities	Actual Spending
9.7	9.1	6.8

2010–11 Human Resources (FTEs)

Planned	Actual	Difference
66	51	(15)

The following table identifies the CFIA's expected results, performance indicators, and targets for the Integrated Regulatory Frameworks program activity. For more detailed information, including results from previous reporting periods, refer to the Summary of Performance Indicators in Section 4.1. Where applicable, performance indicator results have been rounded down to the nearest percentage point.

Table 2-7: Summary of Performance: Integrated Regulatory Frameworks

Expected Result	Performance Indicators*	Targets	Performance Status		Data Quality Rating*
The CFIA's regulatory framework provides the greatest net benefit for Canadians as it is based on scientific approaches and takes into account international contributions and stakeholders' interests.	Percentage of regulatory initiatives that meet publication requirements for publication in either the *Canada Gazette*, Part I or Part II[10]	≥95% of regulatory initiatives meet publication requirements	52%	Not Met	Moderate Confidence
	Extent to which the net quantity, composition, labelling and advertising of non-registered[11] food products inspected is accurate.	70% of products, labels and advertisements inspected are accurately represented.	79%	Met	Higher Confidence

* For more information on data ratings and limitations regarding the CFIA's performance indicators, please see Section 2.1.2.1.

Additional information:

Paperwork Burden Reduction Initiative official site (Industry Canada): http://www.reducingpaperburden.gc.ca/epic/site/pbri-iafp.nsf/en/h_sx00001e.html

Fair Labelling Practices: http://www.inspection.gc.ca/english/fssa/labeti/labetie.shtml

Seeds: http://www.inspection.gc.ca/english/plaveg/seesem/seeseme.shtml

Fertilizer: http://www.inspection.gc.ca/english/plaveg/fereng/ferenge.shtml

[10] The wording of this indicator changed from the 2010–11 RPP from the following: "Percentage of regulatory initiatives that meet publication requirements for publication in either the Canada Gazette, Part I or Part II to cover all publishing requirements."

[11] The wording of this indicator changed from the 2010–11 RPP. It no longer includes registered food products. The accuracy of net quantity, composition, labelling, and advertising of registered food products is inspected as part of the inspections for Federally Registered Establishments, and performance is reported in Table 2-7.

Performance Summary and Analysis of Program Activity

Performance Summary, Trending and Compliance Methods

Percentage of regulatory initiatives that meet publication requirements for either the Canada Gazette, Part I or Part II:

Regulatory initiatives that meet publication requirements – 52% compliance – Not met

- In 2010-2011, the CFIA planned to publish 17 regulatory proposals in both the Canada Gazette, Part I (eight proposals) and Canada Gazette, Part II (nine proposals). However, the planned priorities had to shift to accommodate an additional five new priorities added during the year. This resulted in only nine of the original proposals being published, thereby resulting in a completion rate of 52% despite the publication of three of the new priorities.
- Performance for this indicator has dropped since 2009–10. This is the second year the CFIA is reporting on this indicator since the methodology changed in 2009–10. (2009–10 77%; 2010–11, 52%)

Extent to which the net quantity, composition, labelling and advertising of non-registered food products inspected is accurate:

Labelling accuracy – 79% compliance – Met

- This year's performance exceeded the target, but is in line with results from previous years. Inspection strategies continue to be directed towards high-risk non-registered foods and establishments (importers, manufacturers, retailers with labelling and advertising responsibilities).
- The compliance results for the last two years are given for information only. They cannot be compared to one another since different high-risk foods and establishments are inspected every year. (2008–09, 82%; 2009–10 82%; 2010–11, 79%)

Strategic Performance Analysis

In addition to the performance results summarized in Table 2-7, the CFIA also achieved the following results under the Integrated Regulatory Frameworks program activity:

The CFIA worked with stakeholders to address and provide guidance on priority regulatory areas of interest to Canadians and undertook the following in 2010–11:

- Continued to work on pig identification and the humane transport of animals as well as work on amendments to the *Health of Animals Regulations* by developing regulatory proposals and cost benefits in support thereof.
- Led implementation activities following publication of the Enhanced Labelling for Food Allergen and Gluten Sources and Added Sulphites regulations by HC; this included training inspection staff, developing analytical methodologies, and providing guidance to industry on the enforcement approach to be adopted.

The CFIA continued to strengthen and modernize its regulatory base to enhance its user fee regime and the regulation of animals, plants, and related products. For instance, the CFIA undertook the following work:

- Pre-published a regulatory proposal that will create a more flexible system for the registration of seed varieties; this will reduce regulation while continuing to maintain the integrity of seed certification and environmental, food, and feed safety. This flexible system is designed to stimulate innovation in the seed industry and give producers more choice, thereby supporting the long-term growth of the seed sector.
- Continued work related to the *Honey Regulations* in order to develop performance standards and improve enforcement. These improvements would modernize and update requirements for the preparation and marketing of honey products.
- Amended the *Health of Animals Regulations* to protect the health of aquatic animals. This amendment allows Canada to meet international trade standards and prevent the loss of aquatic resources due to the introduction or spread of disease, thus ensuring access to international markets for Canadian exports.
- Updated user fees for the Destination Inspection Service (DIS) as the first of three planned annual increases to reach a self-sustaining model for recovering CFIA service costs. The DIS provides impartial inspection services to all sectors of the fresh produce industry to support the resolution of buyer/seller disputes on fresh fruit and vegetable quality. Destination inspections, driven by demand and focusing on cost recovery, support market trade to ensure a sustainable food supply to Canadians.

In adherence with the GoC Cabinet Directive on Streamlining Regulation, the CFIA worked to improve the horizontal regulatory framework for agri-food programs, and made the following efforts in 2010–11:

- Continued to seek improvements to the consistency of the various regulations supporting agri-food programs.
- Worked with the Treasury Board Secretariat to ensure that all regulatory packages are prepared in compliance with the Cabinet Directive on Streamlining Regulations.

The CFIA also continued to evolve its food labelling requirements to meet the needs of consumers and industry; this included:

- Committing to review the "Product of Canada" guidelines to ensure that they continue to meet the needs of both consumers and Canadian industries. In September 2010, consultations ended on the potential exemption of imported sugar, salt, and vinegar from the "Product of Canada" claim and the possibility to remove certain qualifiers from the "Made in Canada" claim.
- Implementing the new *Food and Drug Regulations* requirements, which are related to enhanced labelling of food allergen and gluten sources and added sulphites. This includes training inspection staff and developing analytical methodologies and provisions for guiding industry on the enforcement approach to be adopted.

DID YOU KNOW?

A new interactive food product labelling tool, providing stakeholders with an easy overview of the mandatory food labelling requirements in Canada, is available on The CFIA's website. More detailed food labelling requirements can also be quickly accessed online.

Lessons Learned

Through continual performance monitoring, the CFIA noted a marked decrease in its capacity to meet performance targets with respect to the completion and approval of regulatory packages. While analysis revealed several factors impacting its performance in this area, key factors included the CFIA's ability to comply with Government of Canada directives for streamlining regulations. Close examination demonstrated a need for internal enhancements in order to meet cost benefit analysis requirements. To address this challenge, the CFIA worked with various partners within the Government of Canada to obtain support in cost benefit training and to obtain other resources to enhance the CFIA's ability to comply with directives. These measures, in conjunction with a new regulatory prioritization approach that provides for more flexible work planning, are key to addressing the CFIA's performance in this area.

Program Activity 7: Domestic and International Market Access

Program Activity Description:

Domestic and international market access programming contributes to securing the conditions for an innovative and prosperous economy. It does so primarily by enabling products to enter markets through the implementation and enforcement of an effective and efficient regulatory system that is accessible, understandable and responsive to domestic and international market requirements. Information provided to consumers by producers is verified as truthful and not misleading, and Canadian products are verified as meeting high quality and safety standards.

2010–11 Financial Resources ($ Millions)

Planned Spending	Total Authorities	Actual Spending
32.3	35.3	34.5

2010–11 Human Resources (FTEs)

Planned	Actual	Difference
528	525	(3)

The following table identifies the CFIA's expected results, performance indicators, and targets for the Domestic and International Market Access program activity. For more detailed information, including results from previous reporting periods, refer to the Summary of Performance Indicators in Section 4.1. Where applicable, performance indicator results have been rounded down to the nearest percentage point.

Table 2-8: Summary of Performance: Domestic and International Market Access

Expected Results	Performance Indicators*	Targets	Performance Status			Data Quality Rating*
Canadian producers of food, plants, animals and related products operate within a fair and efficient marketplace, from which Canadian consumers benefit	Extent to which certified food, animal and plant shipments meet the receiving country's import requirements	≥ 99% meet requirements	Food – Meat	99%	Met	Moderate Confidence
			Food – Fish and Seafood	99%	Met	Higher Confidence
			Food – Processed Egg	100%	Met	Moderate Confidence
			Animal	99% Live Animal Only	Met	Lower Confidence
			Plant	99%	Met	Moderate Confidence

* For more information on data ratings and limitations regarding the CFIA's performance indicators, please see Section 2.1.2.1.

Additional information:

In 2010, the CFIA received 361 applications for plant breeders' rights (PBR), granting intellectual property rights to 300 plant varieties; this gives the breeder exclusive rights to produce for sale and to sell the reproductive material of a certain variety. The CFIA also renewed the protection of 1665 varieties previously approved for the granting of rights.

For more information on PBR, please visit:

http://www.inspection.gc.ca/english/plaveg/pbrpov/pbrpove.shtml

Destination Inspection Services:
http://www.inspection.gc.ca/english/fssa/frefra/dis/dise.shtml#serv

Canada Organic Regime: http://www.inspection.gc.ca/english/fssa/orgbio/stainte.shtml

Performance Summary and Analysis of Program Activity

Performance Summary, Trending and Compliance Methods

Extent to which certified food, animal and plant shipments meet the receiving country's import requirements:

Meat – 99% compliance – Met

- Problems with meat product shipments and their rejection by foreign countries are addressed on a priority basis to resolve any issue with the importing market. This continues to produce positive results. Performance for the Meat sub-indicator has not changed significantly over the past 3 years. (2008–09, 100%; 2009–10, 99%; 2010–11, 99%)

Animal – 99% compliance – Met

- For 2010–11, data was only available for live animal shipments. Due to data unavailability, a three year trend is not available at this time. (2008–09, No Data Available; 2009–10, No Data Available; 2010–11, 99%)

Plant – 99% compliance – Met

- For the Plant commodity, the CFIA issues notices of non-compliance to countries importing Canadian plant products, as per international standard. For 2010–11, performance levels reflect the capacity and willingness of countries to report rejections of Canadian shipments to the CFIA. This may change in future years, and it may thus affect the CFIA's reported performance. Performance for the Plant sub-indicator has not changed significantly over the past 3 years. (2008–09, 100%; 2009–10, 99%; 2010–11, 99%).

Strategic Performance Analysis

In addition to the performance results summarized in Table 2-8, the CFIA also achieved the following results under the Domestic and International Market Access program activity:

The CFIA continued to work with international organizations to promote and influence the development and implementation of coherent and consistent international standards. To that end, the CFIA:

- Coordinated and hosted incoming missions and audit teams from foreign regulatory counterparts. In 2010, CFIA hosted over 30 incoming missions relating to a number of activities including market access, senior level discussions on regulatory issues, capacity building, and technical assistance.
- Continued its collaborative work with Chinese officials to promote an ongoing dialogue on food safety, animal health, and plant protection. As part of that mission, a cooperative arrangement was signed by Minister Ritz and the CFIA's counterpart agency. The agreement dealt with access for Canadian boneless beef and tallow for industrial use and Chinese cooked poultry.

- Engaged senior level counterparts in Russia, China, the US, and the EU to increase knowledge and understanding of Canada's robust regulatory system regarding the safety of products from Canada.

The CFIA also worked to further enhance the understanding of Canada's robust regulatory system by foreign counterparts in order to improve market access opportunities. This is achieved through regular meetings with its foreign counterparts, incoming or outgoing missions that involve reviewing how Canada's regulatory system protects plants, animals and the food supply. For example:

- In July 2010, an incoming Indian delegation attended a CFIA working group meeting on pulses[12]. By coming to Canada, the Indian technical officials were able to appreciate and understand Canada's industry and the reasons why certain provisions and requirements were difficult to meet. As a result of the visit, a technical agreement on pulses was reached between Canada and India.

In 2010, the CFIA continued its efforts in monitoring and communicating Canadian herd disease status and managing herd certification programs. For example:

- CFIA staff conducted their annual audit of Scrapie Canada, an industry organization that administers the Voluntary Scrapie Flock Certification Program for all of Canada as well as the Chronic Wasting Disease Herd Certification Program for cervid producers in Ontario.

In 2010–11, the CFIA continued to modernize the import/export certification process to facilitate compliance with import and export regulatory requirements:

- This initiative includes the e-certification project, which aims to improve the security of export documentation, minimize fraudulent activities, and reduce the time required to issue import/export certificates. High-level business requirements have been identified, and business case documents have been completed.

The CFIA continued to participate in, coordinate, and support the development of international standards and trade rules relevant to food, animal, and plant products that reflect Canada's interests. For example:

- The CFIA led negotiations on and implementation of the Santitary and Phytosanitary (SPS) component of trade agreements under the World Trade Organization (WTO), North American Free Trade Agreement (NAFTA), and bilaterial Free Trade Agreements (FTA). The CFIA is supporting work on a number of FTAs, including the Canada Comprehensive Economic Trade Agreement (CETA).

[12] Pulse: The edible seeds of various crops (as peas, beans, or lentils) of the legume family.

DID YOU KNOW?

In January 2009, the Minister of Agriculture announced the creation of the Market Access Secretariat (MAS). The MAS is a collaborative effort between AAFC and the CFIA, and it is to be the focal point for targeted agricultural market access activities in priority international markets. The CFIA is committed to working in collaboration with the MAS to develop and implement strategic initiatives related to market access. The CFIA has contributed veterinarians and plant health specialists to be colocated in the MAS and has leveraged the role of Chief Technical Market Access Negotiator to provide technical trade support expertise to the MAS. The CFIA and MAS are continuing market access negotiations with a number of countries including China, Russia, Korea, India, and the EU.

Lessons Learned

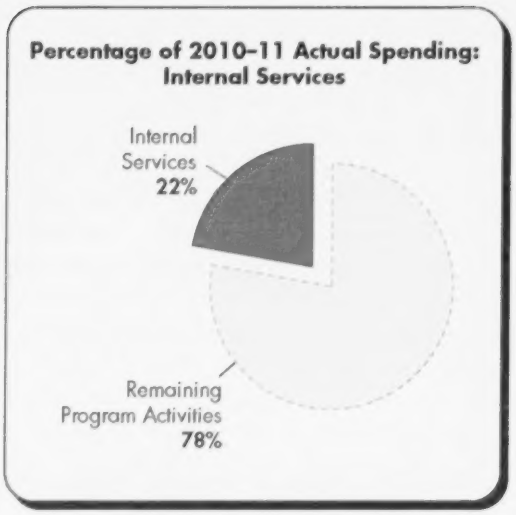
In 2008, the CFIA piloted a program which established veterinary positions in Tokyo, Beijing, Mexico City, and Brussels to support market access and recovery efforts for beef and cattle following Canada's findings of BSE. The CFIA's representation abroad has been instrumental in minimizing market access restrictions when foreign animal disease outbreaks occur and in maintaining and regaining markets for beef, pork and poultry products. Positions abroad also enable enhanced access to important information on food safety, animal health, and plant health issues in the countries and regions represented.

This pilot was reviewed in 2010–11. Through interviews with industry and government stakeholders, it was confirmed that the program would play an important role in advancing market access initiatives and establishing strong regulatory relationships to more effectively manage food safety, animal health, and plant protection import programs. The review also provided the opportunity to identify areas for improvement, including enhanced communication of the role that CFIA staff members situated abroad play in the broader market access team, increased training and support for specialists prior to being posted abroad, and greater integration and communication with the headquarters team.

Given how CFIA staff located abroad contribute to both market access and broader CFIA import activities, an ongoing Technical Specialists Abroad program has been established. The four original postings have been augmented with additional positions in Moscow and New Delhi.

2.2.4 Internal Services

Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are: Management and Oversight Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; Acquisition Services; and Travel and Other Administrative Services. Internal Services include only those activities and resources that apply across an organization and not to those provided specifically to a program.



2010–11 Financial Resources ($ Millions)

Planned Spending	Total Authorities	Actual Spending
118.6	155.3	160.7

2010–11 Human Resources (FTEs)

Planned	Actual	Difference
1,036	1,012	(24)

Variance Analysis:

In 2009–10, the CFIA incurred expenditures of $141.9M (19.8%) within Internal Services. Expenditures increased by $18.8M to $160.7M (22%) in 2010–11 largely due to payments made to Public Works and Government Services Canada for additional space occupancy for the CFIA, a one-time space consolidation project for the CFIA, costs incurred in support of an increased Information Management / Information Technology capacity, and other corporate adjustments.

Performance Summary and Analysis of Program Activity

Strategic Performance Analysis

The CFIA continued to strengthen its internal management processes and systems under the Internal Services program activity by:

- Engaging in proactive efforts to promote and reinforce the importance of the values and ethics of the CFIA, in its role as Canada's largest science-based regulator. The CFIA's Values and Ethics (V&E) Strategy is one of the most comprehensive strategies within the GoC, and it ensures that the CFIA's values and ethics program evolves strategically both as part of the CFIA's overall strategic plan and as part of its Human Resources renewal initiative. The comprehensive V&E training program now includes 4 courses. A total of 1200 employees took V&E training in 2010–11, thereby increasing the overall understanding of the importance of the CFIA's values and ethics in decision making and in guiding employee behaviours.
- Continuing its efforts to meet branch needs with respect to corporate services through the early identification of corporate, non-technical training priorities. Examples of priorities include Access to Information and Privacy (ATIP), Values and Ethics, Occupational Health and Safety (OHS), Orientation, Delegation training, Project Management, and Harassment Awareness. The communication of these priorities will help CFIA employees prepare and plan required training initiatives for future years.
- Making notable progress in 2010–11 in support of its 2008–13 Human Resources (HR) Renewal Plan, which responds to challenges related to the planning, engagement, recruitment, building capacity, and provision of a human resource management architecture. Accomplishments include:
  - Creating a Leadership Development Framework to ensure a transparent, clear path for employees to follow (from entry to exit) through instructor-led training, mentoring, action learning, on-the-job training, e-learning, self-study, and exchanges. The CFIA continues to encourage all employees to work with their managers in developing and implementing Individual Learning Plans (ILPs) to address current and future training and development needs. The CFIA evaluates key training initiatives in order to continue to emphasize the most effective and efficient use of training resources and technology and the implementation of a revised Performance Management Program to develop future leaders.
  - Creating Agency-wide training for all supervisors, thereby ensuring better preparation for management roles and better succession planning. As part of the Leadership Development Framework, managers now have learning maps to assist them in building their leadership ability. In addition, an "Essentials for Supervision" course has been developed to provide support for managers early in their careers. A mentoring program, emphasizing leadership and management skills, is being piloted for executive feeder group members in the NCR.

- Supporting its employees' learning through experience and the application of a rigorous executive performance management regime.
- Introducing tools such as inspector training programs, an "Employee Engagement Strategy and Toolkit," and the "Inspector Commodity Identification system" (ICID). The ICID system, designed to better track the CFIA's inspection resources, was launched in May 2010. It identifies the number of people working on particular commodities and facilitates the assessment of resourcing and retention gaps to better plan for future hiring needs. Since its launch, the ICID has improved the CFIA's delivery of technical training, allowing trainers to better align courses to the appropriate workforce.

DID YOU KNOW?

The CFIA was once again selected as one of the NCR's Top 25 Employers and, for the first time, as one of Canada's Best Diversity Employers for 2010. These recognitions demonstrate the CFIA's commitment to its employees and help in its ongoing efforts to attract talent and strengthen its position as an employer of choice.

- Launching a recruitment campaign which resulted in the hiring of 170 new food inspectors across Canada, thereby improving the CFIA's ability to protect the health and safety of Canadians. Considerable effort was placed on the development and implementation of a national training program for meat processing inspectors.
- Performing a self-assessment of the Agency's internal control over financial reporting; this provides documented evidence that the appropriate financial controls are in place and ensures accurate and reliable financial reporting. In 2010–11, the CFIA performed its first annual self-assessment of internal control and financial reporting. This helped managers streamline financial control activities and ensure effective and efficient delivery of programs and services.
- Renewing its planning and decision-making structure. Prior to 2010, the CFIA's management and planning of its programs and services were conducted vertically by its branches. Although this structure had its strengths, it created challenges with respect to cross-branch coordination of the core functions of Science, Operations, and Policy and Programs. In 2010–11, the CFIA developed an integrated and horizontal planning and reporting governance structure. The implementation of the new structure is intended to clarify and reaffirm accountabilities within the CFIA; realign the governance approach to support business needs; and foster a whole-of-Agency approach to the planning, execution and delivery of programs and policies. At the heart of the new governance is the establishment of a business line model that affects all branches and aligns to the CFIA's newly approved Program Activity Architecture (PAA). This has yielded a number of tangible benefits including improved communication among branches; a more structured, inclusive, and transparent decision-making approach; a progressive change in the CFIA's move towards more systematic horizontal discussions; and a better understanding of the CFIA's priorities.

- Continuing key activities in the modernization of asset planning, including the establishment of capital funding envelopes as well as the development of a five-year investment plan. Modernizing asset planning will contribute to the enhancement of program integrity, operational continuity, and health and safety by ensuring that the CFIA activities are supported by the right assets at the right time and in the most cost effective manner.
- Finalizing and beginning the implementation of a revised Program Activity Architecture (PAA) and associated Performance Measurement Framework (PMF) that better align the CFIA's activity structure with its strategic direction. Implementation included the creation of a comprehensive training package on the revised PAA and its related financial tracking processes followed by national delivery of the training.
- Completing the CFIA lab capacity assessments. Information retreived therefrom was used to develop an infrastructure strategy that has since been integrated into the CFIA Investment Plan. The development of the strategy is a major step forward in better managing the CFIA's laboratory assets, which are critical to the delivery of Science programs.
- Continuing to implement measures initiated in 2009–10 to better meet its obligations under the *Access to Information Act* and the *Privacy Act*. The CFIA invested in new, up-to-date software and spent over $1 million in order to improve its capacity to respond to requests, thus reducing the request backlog. A developmental program was also launched to facilitate the recruitment and retention of ATIP talent. In addition to including an ATIP component in the CFIA's employee orientation session, a more regular ATIP training schedule was established, resulting in a total of 992 employees trained in the last fiscal year. Finally, a new streamlined ATIP process designed to confirm accountabilities and clarify roles and responsibilities was introduced in April 2010 for ongoing implementation across the CFIA.
- Embarking on a project management improvement agenda to establish an agency-wide approach to project management, governance and reporting frameworks. This included the establishment of an Enterprise Project Management Office (ePMO). Adopting an Agency-wide approach to project management will enhance the CFIA's capacity to improve the effectiveness and efficiency of project delivery.
- Undertaking public consultations on a draft of the Cost Recovery Policy and Framework, which set out the CFIA's approach to cost recovery. This will be applied when cost recovery is reviewed or considered in CFIA program areas. In September 2010, the CFIA posted its finalized Cost Recovery Policy and Framework[13] on the CFIA's external website.

[13] The final policy and a summary of comments received from stakeholders can be viewed at: http://www.inspection.gc.ca/english/agen/manges/mangese.shtml

- Information Management (IM) and Information Technology (IT) services have been modernized according to a service-oriented approach. The objective is to provide the CFIA with information, applications, and infrastructure services in order to provide timely and accurate information. This will not only enable long-term strategic decisions but also provide information required by program managers and inspectors to make tactical decisions based on risk and prevention, thus focusing resources effectively and enabling rapid response.
- The CFIA's IT environment was sustained and enhanced through an expansion of the IT network functionality, in support of the inspector mobilization project and through the modernization of the CFIA's desktop applications. In addition, the IM environment continued to be supported through regular communications to employees, employee education and training courses on document management, and updates to the IM policy suite.

DID YOU KNOW?

As Canada's largest science-based regulator, the CFIA relies on high-quality, timely, and relevant science to make informed decisions that contribute to international capacity-building for global health and food security. To demonstrate the important multi-faceted work that CFIA scientists completed in 2010, the CFIA published the *Science at Work* brochure.

Lessons Learned

To ensure that the Agency is in a position to meet its core business of food safety and inspection and to respond to emergency situations should they arise, the Agency identified the resourcing, retention, learning, and succession planning needs of EG-03 and EG-04 inspectors as priority activities.

A Steering Committee on Inspector Hiring was established in May 2010 and given the task of redefining how staffing is carried out. Process improvements were identified and, as a result, the following solutions and tools were implemented:

- A national resourcing strategy to manage the national area of selection for all inspection staff on behalf of all CFIA areas. This was done using consistent, automated, and national selection criteria. Pre-qualified pools of inspectors were also established.
- The Inspector Commodity Identification Project (ICID) was also created based on PeopleSoft software. This tool identifies, tracks, and allows the organization to report on inspector numbers according to program and commodity (e.g. Meat, Fish, Dairy).

2.2.5 Canada's Economic Action Plan (CEAP)

In 2009–10, the CFIA focused on developing key plans for the future and improving critical areas of infrastructure by:

Delivering 19 of 21 projects in 2010–11. This was carried out in six provinces at the following laboratories: Burnaby, Calgary, Dartmouth, Lethbridge, Ottawa, Saskatoon, and St. Hyacinthe, and it provided the opportunity to address deferred maintenance. These projects were delivered on time and on budget. The CFIA delivered 93% of the Canada's Economic Action Plan projects on time. The program reduced the risk of asset failure and the associated impact on program delivery while ensuring safe modern facilities for our scientists.

Canada's Economic Action Plan ($ Millions)			
Planned Spending	**Total Authorities[14]**		**Actual Spending[14]**
14.2	16.0		15.8
Expected Results	**Performance Indicators**	**Targets**	**Performance Status**
Deferred maintenance at seven laboratories (over 2 years) is addressed to modernize equipment and improve safety standards.	Percentage of projects completed on time	100%	93% (28 of 30) of projects have been delivered as of March 31, 2011. The remaining two projects have slight schedule overruns due to the unavailability of equipment (air handlers) and qualified contractors. They will be completed in May 2011.
	Percentage of CEAP funds spent	100%	99%

Of the total program funding of $24.03M for 2009–10 and 2010–11, 99% was spent. Note that the surplus ($1.8M) of 2009–10 funds was carried forward to 2010–11 as certain projects spanned both years.

[14] The Authorities and Actual Spending figures of Canada's Economic Action Plan (CEAP) are inclusive of Employee Benefit Plans (EBP).

Section III – Supplementary Information

3.1 Financial Information

3.1.1 Financial Highlights

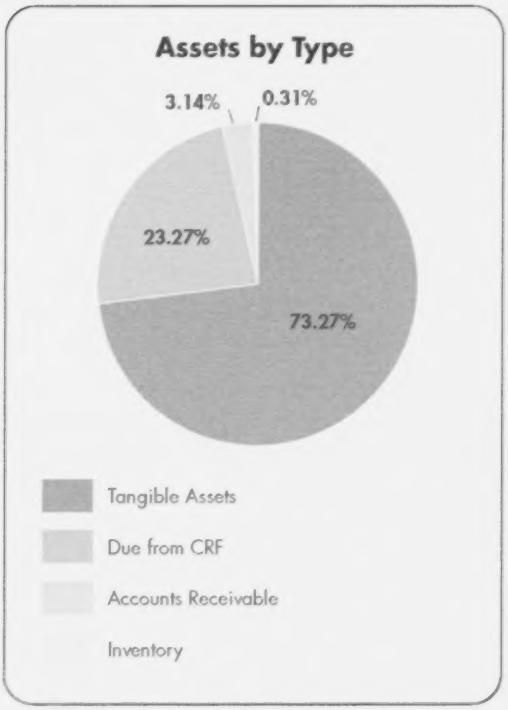
The financial highlights presented within the Agency's Performance Report are intended to serve as a general overview of the CFIA's financial position and operations. Financial statements are prepared in accordance with accrual accounting principles, Treasury Board accounting policies and year-end instructions issued by the Office of the Comptroller General which are consistent with Canadian generally accepted accounting principles for the public sector as required under Section 31 of the *Canadian Food Inspection Agency Act*. The Agency has been audited since its creation and has always received an unqualified opinion.

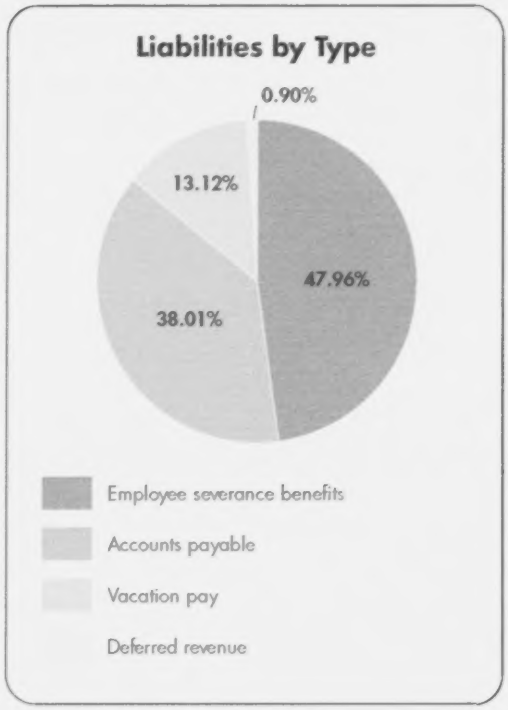
(In thousands of dollars)

Condensed Statement of Financial Position As at March 31	**% Change**	**2011**	**2010**
ASSETS			
Total Assets	11.54%	317,851	284,961
TOTAL	11.54%	**317,851**	**284,961**
LIABILITIES			
Total Liabilities	10.94%	221,338	199,515
EQUITY			
Total Equity	12.95%	96,513	85,446
TOTAL	11.54%	**317,851**	**284,961**

(In thousands of dollars)

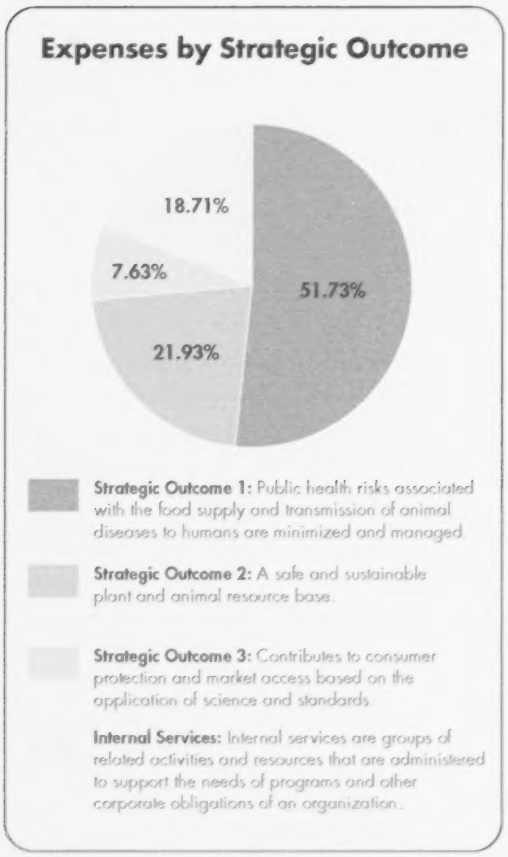
Condensed Statement of Operations Year ended March 31	**% Change**	**2011**	**2010**
EXPENSES			
Total Expenses	3.78%	839,043	808,476
REVENUES			
Total Revenues	1.48%	56,570	55,743
NET COST OF OPERATIONS	3.95%	**782,473**	**752,733**

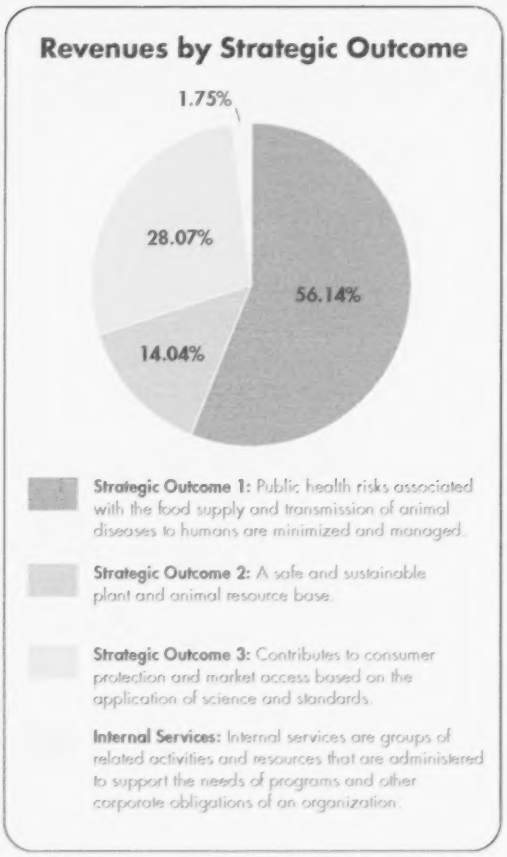




Total assets at the end of 2010-2011 were $318 million, an increase of $33 million (12%) over previous year's total assets of $285 million. The $33 million increase in total assets was caused by a $25 million increase in non-financial assets from major acquisitions that included mostly leasehold improvements of buildings. The amount of Due from Consolidated Revenue Fund (CRF) also increased of $6 million from last year, which is in line with the increase in payables and accrued salaries at year end. Tangible assets represented the largest portion of total assets, at $233 million (73%) of total assets, while Due from CRF represented 23% at $74 million. Accounts receivable only represented 3%, followed by inventory which represented less than 1% of total assets.

Total liabilities at the end of 2010-2011 were $221 million, an increase of $21 million (11%) over the previous year's total liabilities of $200 million. The $21 million increase is explained by the increase of $11 million in non-pay accounts payables, $2 million in accrued liabilities and $8 million in employee severance benefits due to an increase in the Treasury Board employee base rate. Employee severance benefits represented 48% of total liabilities, at $106 million, followed by the accounts payable which represented 38% of total liabilities, at $84 million. Vacation pay represented $29 million (13%), while deferred revenue represented less 1% of total liabilities.


Expenses by Strategic Outcome
18.71%
7.63%
51.73%
21.93%
Strategic Outcome 1: Public health risks associated with the food supply and transmission of animal diseases to humans are minimized and managed.
Strategic Outcome 2: A safe and sustainable plant and animal resource base.
Strategic Outcome 3: Contributes to consumer protection and market access based on the application of science and standards.
Internal Services: Internal services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization.


Revenues by Strategic Outcome
1.75%
28.07%
56.14%
14.04%
Strategic Outcome 1: Public health risks associated with the food supply and transmission of animal diseases to humans are minimized and managed.
Strategic Outcome 2: A safe and sustainable plant and animal resource base.
Strategic Outcome 3: Contributes to consumer protection and market access based on the application of science and standards.
Internal Services: Internal services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization.

The total expenses for CFIA were $839 million in 2010-2011, an increase of $31 million (4%) compare to last year. The CFIA increase in budgetary expenses for 2011 was for the most part caused by an increase in the salary base which represented approx $23 million along with an $8 million increase in the employee severance benefits due to an overall increase in the Treasury Board employee base rate. The majority of the expenses, $433 million (52%), was under Strategic Outcome 1. Strategic Outcome 2 represented $184 million (22%) of total expenses, while Internal Services expenses represented $157 million (19%) of total expenses. Approximately 8% of all expenses were derived from Strategic Outcome 3.

The Agency's total revenues amounted to $57 million for 2010-2011. Revenues for 2010-2011 remained fairly constant with the revenues earned in 2009-2010. More than half of the revenue was derived from the Strategic Outcome 1. Strategic Outcome 3 represented 28% of all revenues ($16 million), where 14% ($8 million), were derived from Strategic Outcome 2. Less than 2% of all revenues were from Internal Services.

3.1.2 Auditor General's Audit Opinion on Financial Statements and Audited Financial Statements

Auditor General of Canada
Vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

To the President of the Canadian Food Inspection Agency and the Minister of Agriculture and Agri-Food

I have audited the accompanying financial statements of the Canadian Food Inspection Agency, which comprise the statement of financial position as at 31 March 2011, and the statement of operations, statement of equity of Canada and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

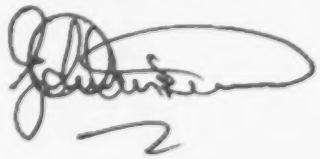
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Canadian Food Inspection Agency as at 31 March 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



John Wiersema, FCA
Interim Auditor General of Canada

2 September 2011
Ottawa, Canada

Financial Statements of

CANADIAN FOOD INSPECTION AGENCY

Year ended March 31, 2011

CANADIAN FOOD INSPECTION AGENCY

Statement of Management Responsibility Including Internal Control Over Financial Reporting

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2011 and all information contained in these statements rests with the Agency's management. These financial statements have been prepared by management in accordance with Treasury Board accounting policies and year-end instructions issued by the Office of the Comptroller General which are consistent with Canadian generally accepted accounting principles for the public sector as required under Section 31 of the *Canadian Food Inspection Agency Act*.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the Agency's financial transactions. Financial information submitted to the *Public Accounts of Canada* and included in the Agency's *Departmental Performance Report* is consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Financial Administration Act* and other applicable legislation, regulations, authorities and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training, and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; through communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout the Agency; and through conducting an annual assessment of the effectiveness of the system of internal control over financial reporting.

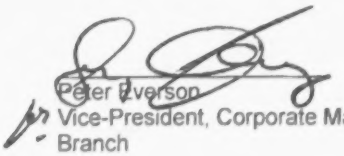
An assessment for the year ended March 31, 2011 was completed in accordance with the *Policy on Internal Control* and the results and action plans are summarized in the annex.

The system of internal control over financial reporting is designed to mitigate risk to a reasonable level based on an on-going process to identify key risks, to assess effectiveness of associated key controls, and to make any necessary adjustments.

The Departmental Audit Committee is responsible for providing the President with independent, objective advice, guicance in relation to the adequacy of the Agency's control and accountability processes. The Departmental Audit Committee provides this support through oversight of core areas of the Agency's controls and accountabilities, including values and ethics, risk management, management control framework, internal audit functions, and accountability reporting.

The financial statements of the Agency have been audited by the Auditor General of Canada, the independent auditor for the Government of Canada which does not include an audit opinion on the annual assessment of the effectiveness of the department's internal controls over financial reporting.

George Da Pont
President



Peter Averson
Vice-President, Corporate Management Branch

Ottawa, Canada

September 2nd, 2011

CANADIAN FOOD INSPECTION AGENCY

Statement of Financial Position

As at March 31
(In thousands of dollars)

	2011	2010
Assets		
Financial assets:		
Due from the Consolidated Revenue Fund	$ 73,809	$ 68,227
Accounts receivable and advances (Note 4)	10,095	7,517
	83,904	75,744
Non-financial assets:		
Inventory	1,013	1,171
Tangible capital assets (Note 5)	232,934	208,046
	233,947	209,217
	$ 317,851	$ 284,961
Liabilities		
Accounts payable and accrued liabilities (Note 6)	$ 83,785	$ 70,527
Vacation pay	29,275	29,383
Deferred revenue	2,242	2,014
Employee severance benefits (Note 7)	106,036	97,591
	221,338	199,515
Equity of Canada	96,513	85,446
	$ 317,851	$ 284,961

Contingent liabilities (Note 8)
Contractual obligations (Note 9)

The accompanying notes are an integral part of these financial statements.

Approved by:

George Da Pont
President

Peter Everson
Vice-President, Corporate Management Branch

Ottawa, Canada
September 2nd, 2011

CANADIAN FOOD INSPECTION AGENCY

Statement of Operations

Year ended March 31
(In thousands of dollars)

	2011	2010
Expenses		
Public health risks associated with the food supply and transmission of animal diseases to humans are minimized and managed	$ 433,888	$ 416,218
A safe and sustainable plant and animal resource base	183,613	188,681
Contributes to consumer protection and market access based on the application of science and standards	64,319	62,872
Internal Services	157,223	140,705
Total expenses	839,043	808,476
Revenues		
Public health risks associated with the food supply and transmission of animal diseases to humans are minimized and managed	32,138	31,705
A safe and sustainable plant and animal resource base	7,593	7,341
Contributes to consumer protection and market access based on the application of science and standards	16,113	15,914
Internal Services	726	783
Total revenues	56,570	55,743
Net Cost of Operations	$ 782,473	$ 752,733

Segmented information (Note 12)

The accompanying notes are an integral part of these financial statements.

CANADIAN FOOD INSPECTION AGENCY

Statement of Equity of Canada

Year ended March 31
(In thousands of dollars)

	2011	2010
Equity of Canada, beginning of year	$ 85,446	$ 47,313
Net cost of operations	(782,473)	(752,733)
Net cash provided by Government of Canada	715,631	709,893
Change in due from the Consolidated Revenue Fund	5,582	3,659
Services provided without charge by other government departments (Note 10)	65,821	75,988
Assets funded by other government departments	303	1,326
Assets transferred from other government department	6,203	-
Equity of Canada, end of year	$ 96,513	$ 85,446

The accompanying notes are an integral part of these financial statements.

CANADIAN FOOD INSPECTION AGENCY

Statement of Cash Flow

Year ended March 31
(In thousands of dollars)

	2011	2010
Operating activities		
Cash received from:		
Fees, permits and certificates	$ (57,358)	$ (55,847)
Cash paid for:		
Salaries and employee benefits	581,369	563,467
Operating and maintenance	136,677	155,089
Transfer payments	5,096	12,689
Cash used by operating activities	665,784	675,398
Capital investment activities		
Acquisition of tangible capital assets	50,065	35,058
Proceeds from disposal of tangible capital assets	(218)	(563)
Cash used by capital investment activities	49,847	34,495
Financing activity		
Net cash provided by Government of Canada	(715,631)	(709,893)
Net cash used	$ -	$ -

The accompanying notes are an integral part of these financial statements.

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements

Year ended March 31, 2011

1. Authority and Purposes

The Canadian Food Inspection Agency (the "Agency") was established, effective April 1, 1997, under the *Canadian Food Inspection Agency Act*. The *Act* consolidates all federally mandated food and fish inspection services and federal animal and plant health activities into a single agency.

The Agency is a departmental corporation named in Schedule II to the *Financial Administration Act* and reports to Parliament through the Minister of Agriculture and Agri-Food.

The mandate of the Agency is to enhance the effectiveness and efficiency of federal inspection and related services for food, animals and plants. The objectives of the Agency are to contribute to a safe food supply and accurate product information; to contribute to the continuing health of animals and plants; and to facilitate trade in food, animals, plants, and related products.

In delivering its mandate, the Agency operates under the following 3 strategic outcomes supported by internal services:

(a) Strategic Outcome 1: Public health risks associated with the food supply and transmission of animal diseases to humans are minimized and managed.

As a contributor to the Government of Canada's integrated approach to population health, the Agency, in collaboration with federal partners and provincial, territorial and municipal governments, protects Canadians from preventable health risks related to unsafe food.

(b) Strategic Outcome 2: A safe sustainable plant and animal resource base.

The Agency's programming is aimed at protecting Canada's crops, forests, livestock, and aquatic animals from regulated pests and diseases; preventing the introduction of undesirable or dangerous substances into human food or the environment through animal and plant production systems; and assessing the environmental sustainability and impact on biodiversity of new products derived through enabling technologies such as biotechnology.

(c) Strategic Outcome 3: Contributes to consumer protection and market access based on the application of science and standards.

The Agency's programming contributes to securing the conditions needed for consumer protection (as it relates to food and certain agricultural products) and for a prosperous Canadian agri-food sector that is able to access global markets. The Agency aims to verify that information provided to Canadian consumers through labels and advertising is truthful and not misleading. The Agency also works to facilitate continued and new market access for Canadian agriculture and agri-food products by verifying that Canadian products meet Canadian regulations and international standards, thereby enabling these products to enter the domestic and international marketplace in the most effective and efficient manner possible.

(d) Internal Services: Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization.

These groups are: Management and Oversight Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Security Management Services; Environmental Services; Material Management Services, Procurement Services; Travel and Other Administrative Services.

The Agency is responsible for the administration and enforcement of the following acts: *Agriculture and Agri-Food Administrative Monetary Penalties Act*, *Canada Agricultural Products Act*, *Canadian Food Inspection Agency Act*, *Feeds Act*, *Fertilizers Act*, *Fish Inspection Act*, *Health of Animals Act*, *Meat Inspection Act*, *Plant Breeders' Rights Act*, *Plant Protection Act*, and *Seeds Act*.

In addition, the Agency is responsible for enforcement of the *Consumer Packaging and Labelling Act* and the *Food and Drugs Act* as they relate to food, except those provisions that relate to public health, safety, or nutrition.

Operating and capital expenditures are funded by the Government of Canada through parliamentary authorities. Compensation payments under the *Health of Animals Act* and the *Plant Protection Act* and employee benefits are authorized by separate statutory authorities. Revenues generated by its operations are deposited to the Consolidated Revenue Fund and are available for use by the Agency.

2. Summary of Significant Accounting Policies

The financial statements are prepared in accordance with Treasury Board accounting policies and year-end instructions issued by the Office of the Comptroller General which are based on Canadian generally accepted accounting principles for the public sector as required under Section 31 of the *Canadian Food Inspection Agency Act*. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian generally accepted accounting principles, except as disclosed in Note 11 – Net Debt Indicator.

Significant accounting policies are as follows:

(a) Parliamentary authorities

The Agency is mainly financed by the Government of Canada through parliamentary authorities. Authorities provided to the Agency do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the statement of operations and the statement of financial position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a high level reconciliation between the bases of reporting.

(b) Net cash provided by Government of Canada

The Agency operates within the Consolidated Revenue Fund (CRF), which is administrated by the Receiver General for Canada. All cash received by the Agency is deposited to the CRF and all cash disbursements made by the Agency are paid from the CRF.

The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the federal government.

(c) Due from the Consolidated Revenue Fund (CRF)

Due from the CRF represents the net amount of cash that the Agency is entitled to draw from the CRF without further authorities to discharge its liabilities. These amounts have been charged to current or prior years' authorities but will be paid in the future.

(d) Revenues

Revenues for fees, permits and certificates are recognized in the accounts based on the services provided in the year.

Funds received from external parties for specified purposes are recorded upon receipt as deferred revenue. Revenue from external parties for specified purposes is recognized in the period in which the related expenses are incurred.

Other revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.

(e) Expenses

Expenses are recorded on an accrual basis:

- Contributions are recognized in the year in which the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement.
- Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.
- Services provided without charge by other government departments for accommodation, the employer's contribution to the health and dental insurance plans and legal services are recorded as operating expenses at their estimated cost.

(f) Employee future benefits

(i) Pension benefits:

The Agency's eligible employees participate in the Public Service Pension Plan (Plan), a multi-employer plan administered by the Government of Canada. Both the employees and the Agency contribute to the cost of the Plan. The Agency's contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the Agency. Under present legislation the Agency is not required to make contributions with respect to actuarial deficits of the Plan.

(ii) Severance benefits:

Eligible employees are entitled to severance benefits, as provided for under labor contracts and conditions of employment. The cost of these benefits is accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

(iii) Other future benefit plans:

The federal government sponsors a variety of other future benefit plans from which employees and former employees can benefit during or after employment or upon retirement. The Public Service Health Care Plan and the Pensioners' Dental Services Plan represent the two major future benefit plans available to the Agency's employees.

The Agency does not pay for these programs as they fall under the federal government's financial responsibilities, but the Agency records its share of the annual benefits paid under these programs as a service provided without charge by other government departments. No amount is recorded in the Agency's financial statements with regard to either the actuarial liability of these programs at year end or the annual increase of such liabilities.

(g) Accounts receivable and advances

Accounts receivable and advances are stated at amounts expected to be ultimately realized; a provision is made for receivables where recovery is considered uncertain.

(h) Contingent liabilities

Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

(i) Inventory

Inventory consists of laboratory materials, supplies and livestock held for future program delivery and not intended for re-sale. They are valued at cost. If they no longer have service potential, they are valued at the lower of cost or net realizable value.

(j) Tangible capital assets

All tangible capital assets and leasehold improvements having an initial cost of $10,000 or more are recorded at their acquisition cost. Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Asset class	Amortization Period
Buildings	20-30 years
Machinery and equipment	5-20 years
Computer equipment and software	3-10 years
Vehicles	7-10 years
Leasehold improvements	Lesser of the remaining term of the lease or useful life of the improvement
Assets under construction	Once in service, in accordance with asset class

(k) Measurement uncertainty

The preparation of these financial statements requires management to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are contingent liabilities (include claims and litigation), the liability for employee severance benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

3. Parliamentary Authorities

The Agency receives most of its funding through annual Parliamentary authorities. Items recognized in the statement of operations and the statement of financial position in one year may be funded through Parliamentary authorities in prior, current or future years. Accordingly, the Agency has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

(a) Reconciliation of net cost of operations to current year authorities used:

(In thousands of dollars)	2011	2010
Net cost of operations	$782,473	$752,733
Adjustments for items affecting net cost of operations but not affecting authorities:		
Add (less):		
Services provided without charge by other government departments	(65,821)	(75,988)
Amortization of tangible capital assets	(31,550)	(26,321)
Revenue not available for spending	245	818
Net changes in future funding requirements	(13,488)	35,543
Low value assets funded by other government departments	(103)	(255)
Loss on disposal of tangible capital assets	(543)	(3,515)
Post-capitalization of tangible capital assets	818	656
Net book value of transfer in/out	(87)	(54)
	(110,529)	(69,116)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Add (less):		
Acquisition of tangible capital assets	50,065	35,058
Proceeds from disposal of tangible capital assets	(218)	(563)
	49,847	34,495
Current year authorities used	$721,791	$718,112

(b) Authorities provided and used:

(In thousands of dollars)	2011	2010
Vote 30 - Operating expenditures	$617,777	$618,770
Vote 35 - Capital expenditures	44,971	39,725
Statutory contributions to employee benefits plans and compensation payments	88,020	92,135
Less:		
Authorities available for future years	(145)	(515)
Lapsed authority – operating	(25,061)	(27,255)
Lapsed authority – capital	(3,771)	(4,748)
Current year authorities used	$721,791	$718,112

4. Accounts Receivable and Advances

The following table presents details of accounts receivable and advances:

(In thousands of dollars)	2011	2010
Receivables from other government departments and agencies	$3,394	$1,684
Receivables from external parties	5,887	5,718
Employee advances	78	112
Other	1,168	462
	10,527	7,976
Less:		
Allowance for doubtful accounts on receivables from external parties	(432)	(459)
Total	$10,095	$7,517

5. Tangible Capital Assets
(In thousands of dollars)

	Cost				Accumulated amortization					
Capital asset class	Opening balance	Acquisitions	Disposals and write-offs	Closing balance	Opening balance	Amortization	Disposals and write-offs	Closing balance	2011 Net book value	2010 Net book value
Land	$3,331	$ -	$ -	$3,331	$ -	$ -	$ -	$ -	$3,331	$3,331
Buildings	254,798	22,554	25	$277,327	173,509	10,430	(4)	183,943	93,384	81,289
Machinery and equipment	79,647	7,158	3,179	$83,626	33,175	5,366	2,211	36,330	47,296	46,472
Computer equipment and software	43,354	23,129	636	$65,847	37,031	5,091	563	41,559	24,288	6,323
Vehicles	35,633	5,270	1,657	$39,246	23,305	3,899	1,475	25,729	13,517	12,328
Assets under construction	49,938	13,114	39,107	$23,945	-	-	-	-	23,945	49,938
Leasehold improvements	21,781	25,701	-	$47,482	13,416	6,764	(129)	20,309	27,173	8,365
	$488,482	$96,926	$44,604	$540,804	$280,436	$31,550	$4,116	$307,870	$232,934	$208,046

Amortization expense for the year ended March 31, 2011 is $31,550 (2010 - $26,321).

Disposals of $38,978 from Assets under construction represent assets that were put into use in the year and have been transferred to the other capital asset classes as applicable. The remaining $129 represents assets that were never put into use and consequently were written-off.

During the year, Public Works and Government Services Canada transferred leasehold improvements to the Agency with a cost of $6,237 and accumulated amortization of $34.

6. Accounts Payable and Accrued Liabilities

The following table presents details of the Agency's account payable and accrued liabilities:

(In thousands of dollars)	2011	2010
Accounts payable to other government department and agencies	$19,817	$21,498
Accounts payable to external parties	47,891	35,147
	67,708	56,645
Accrued liabilities	16,077	13,882
Total	$83,785	$70,527

7. Employee Benefits

(a) Pension benefits

The Agency's employees participate in the Public Service Pension Plan (Plan), a multi-employer plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Quebec Pension Plans benefits and are indexed to inflation.

Both the employees and the Agency contribute to the cost of the Plan. In 2010-2011, the Agency contributed $59,151,000 (2010 - $61,268,000), which represents approximately 1.9 times (2010 – 1.9 times) the contributions by employees.

The Agency's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

(b) Severance benefits

The Agency provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation. Benefits will be paid from future authorities. Information about the severance benefits, measured for March 31, is as follows:

(In thousands of dollars)	2011	2010
Accrued benefit obligation, beginning of year	$97,591	$107,509
Expense (recovery) for the year	16,178	(2,392)
Benefits paid during the year	(7,733)	(7,526)
Accrued benefit obligation, end of year	$106,036	$97,591

8. Contingent Liabilities

Claims relating to both legal and employee grievances have been made against the Agency in the normal course of operations. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimate of liability is accrued and an expense recorded in the financial statements.

Amounts have been accrued for contingent liabilities as at March 31, 2011 pertaining to legal claims. The amount of the contingent liabilities for legal claims recognized is based on management's best estimate. Other legal claims against the Agency and other defendants include a class action suit related to bovine spongiform encephalopathy (BSE) for which amounts and likelihood of liability are not determinable.

No amounts have been accrued pertaining to employee grievances as at March 31, 2011.

9. Contractual Obligations

The nature of the Agency's activities can result in some large multi-year contracts and agreements whereby the Agency will be obligated to make future payments when the services/goods are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

(In thousands of dollars)	2012	2013	2014	2015	2016 and thereafter	Total
Capital Projects	$1,473	$310	$-	$-	$-	$1,783
Operating leases	4,580	2,321	-	-	-	6,901
Contributions	1,010	960	500	-	-	2,470
Other agreements	12,330	4,376	847	508	330	18,391
Total	$19,393	$7,967	$1,347	$508	$330	$29,545

10. Related Party Transactions

The Agency is related as a result of common ownership to all Government of Canada departments, agencies, and Crown corporations. The Agency enters into transactions with these entities in the normal course of business and on normal trade terms.

(a) Services provided without charge by other government departments

During the year, the Agency received without charge from other departments, the employer's contribution to the health and dental insurance plans, accommodation, and legal services. These services without charge have been recognized in the Agency's statement of operations as follows:

(In thousands of dollars)	2011	2010
Employer's contribution to the health and dental insurance plans	$40,884	$40,567
Accommodation	22,980	33,433
Legal services	1,957	1,988
	$65,821	$75,988

(b) Other transactions with related parties

(In thousands of dollars)	2011	2010
Accounts receivable from other government departments and agencies	$3,394	$1,684
Accounts payable to other government departments and agencies	19,817	21,498
Expenses – Other Government departments and agencies	123,070	120,590
Revenues – Other Government departments and agencies	262	583

11. Net Debt indicator

The presentation of the net debt indicator and a statement of change in net debt is required under Canadian generally accepted accounting principles.

Net debt is the difference between a government's liabilities and its financial assets and is meant to provide a measure of the future revenues required to pay for past transactions and events. A statement of change in net debt would show changes during the period in components such as tangible capital assets, prepaid expenses and inventories. Departments are financed by the Government of Canada through appropriations and operate within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by departments is deposited to the CRF and all cash disbursements made by departments are paid by the CRF. Under this government business model, assets reflected on the departmental financial statements, with the exception of the Due from the CRF, are not available to use for the purpose of discharging the existing liabilities of the department. Future appropriations and any respendable revenues generated by the department's operations would be used to discharge existing liabilities.

(In thousands of dollars)	2011	2010
Liabilities		
Accounts payable and accrued liabilities	$83,785	$70,527
Vacation pay	29,275	29,383
Deferred revenue	2,242	2,014
Employee severance benefits	106,036	97,591
Total Financial Liabilities	221,338	199,515
Financial assets		
Due from the Consolidated Revenue Fund	73,809	68,227
Accounts receivable and advances	10,095	7,517
Total Financial Assets	83,904	75,744
Net Debt Indicator	$137,434	$123,771

12. Segmented information

Presentation by segment is based on the Agency's strategic outcome architecture. The presentation by segment is based on the same accounting policies as described in the Summary of significant accounting policies in note 2. The following table presents the expenses incurred and revenues generated for the main strategic outcomes, by major object of expenses and by major type of revenues. The segment results for the period are as follows:

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements

Year ended March 31, 2011

(In thousands of dollars)	2011					2010
	Strategic Outcome 1	Strategic Outcome 2	Strategic Outcome 3	Internal Services	Total	Total
Revenues						
Inspection fees	$27,800	$4,416	$8,409	-	$40,625	$39,758
Registrations, permits, certificates	2,163	1,643	5,221	-	9,027	9,077
Miscellaneous fees and services	332	1,534	2,338	201	4,405	4,233
Establishment license fees	1,645	-	143	-	1,788	1,712
Administrative monetary penalties	-	-	-	501	501	752
Grading	198	-	2	-	200	180
Interest	-	-	-	24	24	31
Total Revenues	32,138	7,593	16,113	726	56,570	55,743
Operating expenses						
Salaries and employee benefits	337,855	135,354	52,468	93,409	619,086	581,916
Professional and special services	24,797	9,305	2,827	33,747	70,676	71,084
Accommodation	16,237	8,543	3,266	5,187	33,233	34,864
Amortization	16,341	7,036	2,466	5,707	31,550	26,321
Travel and relocation	11,847	5,629	1,372	2,521	21,369	21,045
Utilities, materials and supplies	9,895	7,177	1,045	2,066	20,183	19,972
Furniture and equipment	5,904	1,808	312	2,969	10,993	12,351
Communications	1,776	783	166	8,163	10,888	11,487
Repairs	7,694	1,824	250	1,059	10,827	10,970
Equipment rentals	571	593	50	1,075	2,289	2,538
Information	343	345	44	1,026	1,758	3,441
Loss on disposal of tangible capital assets	282	121	42	98	543	3,515
Miscellaneous	194	73	11	196	474	595
Total operating expenses	433,736	178,591	64,319	157,223	833,869	800,099
Transfer payments						
Compensation payments	-	3,590	-	-	3,590	7,274
Other	152	1,432	-	-	1,584	1,103
Total transfer payments	152	5,022	-	-	5,174	8,377
Total Expenses	433,888	183,613	64,319	157,223	839,043	808,476
Net Cost of Operations	$401,750	$176,020	$48,206	$156,497	$782,473	$752,733

See Note 1 for complete definition of Strategic Outcomes

Summary of the assessment of effectiveness of the systems of internal control over financial reporting and the action plan of the Canadian Food Inspection Agency for fiscal year 2010-11 (unaudited)

Annex to the Statement of Management Responsibility Including Internal Control over Financial Reporting

NOTE TO THE READER

With the new Treasury Board *Policy on Internal Control*, effective April 1, 2009, departments and agencies are now required to demonstrate the measures they are taking to maintain effective systems of internal control over financial reporting (ICFR).

As part of this policy, departments and agencies are expected to conduct annual assessments of their system of ICFR, establish action plan(s) to address any necessary adjustments, and to attach to their *Statements of Management Responsibility* a summary of their assessment results and action plan.

Effective systems of ICFR aim to achieve reliable financial statements and to provide assurance that:

- Transactions are appropriately authorized;
- Financial records are properly maintained;
- Assets are safeguarded from risks such as waste, abuse, loss, fraud and mismanagement; and
- Applicable laws, regulations and policies are followed.

It is important to note that the system of ICFR is not designed to eliminate all risks, rather to mitigate risk to a reasonable level with controls that are balanced with and proportionate to the risks they aim to mitigate.

The maintenance of an effective system of ICFR is an ongoing process designed to identify, assess and adjust as required, key risks and associated internal controls, as well as to monitor its performance in support of continuous improvement. As a result, the scope, pace and status of those departmental assessments of the effectiveness of their system of ICFR will vary from one organization to the other based on risks and taking into account their unique circumstances.

1. Introduction

Purpose:

This document is attached to the Canadian Food Inspection Agency's (CFIA) *Statement of Management Responsibilty Inclusing Internal Control over Financial Reporting* for the fiscal year 2010-11. As required by the new Treasury Board *Policy on Internal Control*, effective April 1, 2009, for the first time, this document provides summary information on the measures taken by the CFIA to maintain an effective system of internal control over financial reporting (ICFR). In particular, it provides summary information on the assessments conducted by CFIA as of March 31, 2011, including progress, results and related action plans along with some financial highlights pertinent to understanding the control environment unique to the agency.

Key elements:

1.1 Authority mandate and program activities:

Detailed information on the CFIA's authority, mandate and program activities can be found in the *Departmental Performance Report* and *Report on Plans and Priorities*.

1.2 Financial highlights:

Finanical Statements (audited by the Office of the Auditor General of Canada) of the CFIA for fiscal year 2010-11 can be found in the *Departmental Performance Report*.

- Total expenses were $839M, 74% of which is salaries and employee benefits.
- Total revenues were $56.6M, 72% of which comes from inspection fees.
- Total assets and liabilities were $317.9M and $221.3M respectively. Tangible capital assets comprise 73% of total assets. Employee severance benefits comprise 48% of total liabilities, followed by accounts payable and accrued liabilities of 38%.
- The CFIA has a strong regional presence. There is a decentralized finance function in area offices that initiate and approve a significant portion of operating expenses. In order to maximize operational efficiency, all accounts payable and accounts receivable transactions are processed centrally in the service centres located in Guelph, Montreal and Moncton.
- The CFIA utilizes a SAP based financial system called SATURN. This system interfaces with the Stand Alone Electronic Invoicing System (STEL) to support CFIA's management of its revenues.

1.3 Audited financial statements:

The CFIA has always received an unqualified audit opinion from the Office of the Auditor General (OAG), the auditors of the CFIA's Financial Statements since the Agency's creation in 1997.

1.4 Service arrangements relevant to financial statements:

The CFIA relies on other organizations and their internal controls for the processing of certain transactions that are recorded in its financial statements, as well as, systems development and maintenance services:

- Public Works and Government Services Canada (PWGSC) centrally administers the payments of salaries.
- Treasury Board Secretariat (TBS) provides information used to caluclate various accruals and allowances, such as the accrued severance liability.
- Agriculture and Agri-Food Canada (AAFC) provides acquisition, system development and maintenance services for the information systems used in financial reporting.

1.5 Material changes in fiscal year 2010-11:

No significant changes that are relevant to the financial statements occurred in 2010-11.

2. Control environment of the Agency relative to ICFR:

The CFIA recognizes the importance of setting the tone from the top to help ensure that staff at all levels understand their roles in maintaining an effective system of ICFR and are well equipped to exercise these responsibilities effectively. CFIA's focus is to ensure that risks are well managed through a responsive and risk-based control environment that enables continuous improvement and innovation.

2.1 Key positions, roles and responsibilities relative to ICFR

Below are the CFIA's key positions and committees with responsibilities for maintaining and reviewing the effectiveness of its system of ICFR.

President - CFIA's President, as Accounting Officer, assumes overall responsibility and leadership for the measures taken to maintain an effective system of internal control. In this role, the President chairs the Senior Management Committee and is supported by the Executive Vice-President.

Chief Financial Officer (CFO) - CFIA's CFO reports directly to the President and provides leadership for the coordination, coherence and focus on the design and maintenance of an effective and integrated system of ICFR, including its annual assessment.

Vice-Presidents - CFIA's Vice-Presidents in charge of program delivery are responsible for maintaining and reviewing effectiveness of their system of the ICFR falling within their mandate.

Chief Audit Executive (CAE) - CFIA's CAE reports directly to the President and provides assurance through periodic risk-based internal audits which can be instrumental to the maintenance of an effective system of ICFR.

Department and Agency Audit Committee (DAAC) - The DAAC is an advisory committee that provides objective views on the CFIA's risk management, control and governance frameworks. It is comprised of three external members and was established in 2007.

2.2 Key measures taken by the organization

CFIA's control environment also includes a series of measures to enable its staff to manage risks well through raising awareness, providing appropriate knowledge and tools as well as developing skills and capacity. Key measures include:

- The establishment of the Office of Values and Ethics;
- CFIA's code of conduct and values and ethics code;
- Annual performance agreements with senior managers clearly set out financial management responsibilities;
- Training program and communications in core areas of financial management;
- Agency policies tailored to CFIA's control environment;
- Active monitoring and quality assurance plans, and quarterly reporting for financial controls; and
- Periodically updated delegation of financial signing authorities matrix.

3. Assessment of the Departmental system of ICFR

The self-assessment is a systematic review conducted by management to provide assurance on ICFR.

3.1 Assessment elements:

In support of the Policy on Internal Control, an effective system of internal control has the objective of providing reasonable assurance that:

- Transactions are apporpirately authorized;
- Financial records are properly maintained;
- Assets are safeguarded; and
- Applicable laws, regulations and policies are followed.

A formalized system of ICFR includes assessing the design and operating effectiveness of the department's system of ICFR and ensuring that an on-going monitoring program is in place leading to continuous improvement of the system of ICFR.

Design effectiveness assessment - Through design effectiveness assessment, the CFIA will ensure that key controls relevant to ICFR have been properly identified, documented, implemented and that they are aligned with the risks that they aim to mitigate and that any remediation is addressed appropriately and in a timely manner. The assessment activities include documentation and mapping of key business processes or IT systems, identification of key risks and the internal controls implemented to mitigate these risks, and a walk-through to assess the design effectiveness of the internal controls.

Operating effectiveness assessment - Through operating effectiveness assessment, the CFIA will ensure that the application of key controls over financial reporting has been tested over a defined period and they are working as intended.

The assessment activities include performing a sample test of transactions to determine whether the documented procedures and internal control measures are being followed.

Letter of Recommendation and Management Action Plan - A letter of recommendation will be issued internally to the appropriate CFIA managers related to any deficiencies identified during the self-assessment exercise. The process owner will be required to develop a Management Action Plan to remediate the deficiencies in a timely manner.

On-going monitoring program – the CFIA will identify areas for continued or periodic observance, update and testing on a defined rotational basis consistent with the level of risk associated with the business process or IT system and include timely remediation measures.

3.2 Assessment objective & scope

To determine the scope of the initiative, a scoping and planning exercise was undertaken to identify key business processes, entity level control areas and general computer control areas. During planning and scoping, both quantitative and qualitative factors were considered. These included, but were not limited to: materiality, transactions requiring significant judgement or estimates (e.g. contingent liabilities), complexity of operations, susceptibility to fraud, feedback or recommendations concerning the financial statements or related matters from the Office of the Comptroller General (OCG), and previous audit findings whether from the Internal Audit Directorate (IAD) or from the OAG.

Business processes are defined as the specific processes supporting the treatment of financial transactions. The following six business processes were identified: Revenue, Pay, Non-Pay (i.e. operating and maintenance expenses), Statutory Compensation Payments, Capital Assets, and Financial Close and Reporting.

Entity level controls are defined as the overarching controls of the organization that set the "tone from the top." The following five entity level control areas were identified: Values & Ethics, Governance, Risk Management, Financial Management, and Competency of Financial Staff.

General computer controls are defined as controls over the core financial systems and IT infrastructure used across the organization and which support financial transactions. The CFIA is responsible for assessing effectiveness of all the key IT general controls for systems that it fully manages including the CFIA Network and Stand Alone Electronic Invoicing System (STEL). Where the CFIA acquired the system development and maintenance services from the other government departments (i.e. Saturn, Enterprise, PeopleSoft, and the Regional Pay System), the self-assessment will be limited to components of the systems that are maintained / controlled by the CFIA such as the access controls. The service providers in the other government departments (OGD) are responsible for the internal control self-assessment on the systems that they maintain for the CFIA.

These control areas are the baseline by which the CFIA developed its three-year self-assessment plan. This three-year plan will be reviewed and updated on an annual basis to reflect changes in the control environment.

4. Departmental assessment results:

The following summarizes key assessment results from the design and operating effectiveness testing completed by the CFIA to date.

4.1 Design effectiveness of key controls

When completing design effectiveness testing, the CFIA updated business process documentation and validated key processes with the stakeholders. Design effectiveness testing also validated the appropriate alignment of each key control with risks. During the fiscal year of 2010-2011, the CFIA conducted design effectiveness tests in the areas of value and ethics, competency of financial staff, revenue management, payroll, and operating and maintenance expenses.

The results from the design effectiveness testing identified the need for the following:

- Implementing a monitoring / reconciliation process to ensure that service requests are reconciled to invoices;

4.2 Operating effectiveness of key controls

When assessing the operating effectiveness of key controls, the CFIA considered the results of the financial statement audits by the OAG, the recent internal audit reports, and the sample testing performed by the self-assessment team. During the fiscal year of 2010-2011, the CFIA conducted operating effectiveness tests in the areas of values and ethics, competency of financial staff, and operating and maintenance expenses.

The results from the operating effectiveness testing identified the need for the following:

- Update the commitment policy and ensure that policy requirements are clearly communicated to managers and administrative staff,
- Periodic acknowledgement of managers' responsibility under the CFIA Code of Conduct and the *Financial Administration Act (FAA)*; and
- Increased communication among financial staff to share information vertically and horizontally.

5. Departmental action plan

This following summarizes the actions taken to date to deal with any significant adjustments related to ICFR as well as significant elements of work that are planned to be completed in subsequent years.

5.1 Progress as of March 31, 2011

During the fiscal year 2010-2011, the CFIA has made significant progress in assessing and improving its key controls within the system of ICFR. Progress to date is summarized below:

The CFIA has completed:

- Establishment and resourcing of a self-assessment team to implement the policy requirements related to ICFR and to provide ongoing assessment, monitoring and reporting;
- Implementation of an enhanced financial control framework supported by a group of financial policies and procedures;
- Development and implementation of a three-year self-assessment action plan based on a risk-based decomposition of the financial statements;
- Full self-assessment of key controls in the areas of values and ethics, competency of financial staff, and operating and maintenance expenses; and
- Documentation of processes and key controls in payroll, and financial close and reporting.

The CFIA has commenced or partially completed:

- Design effectiveness test of payroll;
- Documentation of revenue management;
- Development of a new management and governance structure for transfer payments;
- Development of a revenue monitoring / reconciliation process; and
- Addressing the weakness identified during the self-assessment in fiscal year 2010-2011.

5.2 Action plan for the next fiscal year and subsequent years:

The action plan below highlights the progress that the CFIA will be making in completing the assessment of its key controls:

	2011-12				2012-13				Future Years
	Documentation	Design Effectiveness	Operating Effectiveness	Recommendation & Action Plan	Documentation	Design Effectiveness	Operating Effectiveness	Recommendation & Action Plan	On-going Monitoring Program[1]
Entity Level Controls									
Values & Ethics									✔
Competency of Financial Staff									✔
Governance	✔	✔	✔	✔					✔
Risk Management	✔	✔	✔	✔					✔
Financial Management					✔	✔	✔	✔	✔
General IT Level Controls									
Saturn / Enterprise	✔	✔					✔	✔	✔
PeopleSoft	✔	✔					✔	✔	✔
CFIA Network	✔	✔					✔	✔	✔
Stand Alone Electronic Invoicing	✔	✔					✔	✔	✔
Business Process Level Controls									
Revenue	✔	✔	✔	✔					✔
Pay		✔	✔	✔			✔	✔	✔
Operating and Maintenance (ongoing)			✔	✔			✔	✔	✔
Statutory Compensation Payments	✔	✔	✔	✔					✔
Captial Assets					✔	✔	✔	✔	✔
Financial Close & Reporting		✔	✔	✔					✔

1 – An on-going monitoring program will be established in fiscal year 2013-14 to identify the areas for continued or periodic observance, update and testing on a defined rotational basis consistent with the level of risk associated with the business process or IT system.

3.2 List of Supplementary Information Tables

2009–10 User Fee Reporting – *User Fees Act*

- Table A: User Fee
- Table B: External Fee

Details on Transfer Payment Programs (TPPs)

Green Procurement

Horizontal Initiatives

- Table A: Bovine Spongiform Encephalopathy
- Table B: National Aquatic Animal Health Program
- Table C: Listeria
- Table D: Invasive Alien Species

Internal Audits and Evaluations

- Table A: Audits
- Table B: Evaluations

Response to Parliamentary Committees and External Audits

Sources of Respendable and Non-Respendable Revenue

- Sources of Respendable Revenue
- Sources of Non-Respendable Revenue

Status Report on Projects operating with specific Treasury Board Approval

Section III information tables listed in the 2010–11 Departmental Performance Report can be found on the Treasury Board of Canada Secretariat's website at http://www.tbs-sct.gc.ca/dpr-rmr/2010-2011/inst/ica/ica00-eng.asp

Section IV: Other Items of Interest

4.1 Performance Indicators by Operational Priority

4.2 Further Information on the Assessment of Compliance

4.3 Organizational Contact Information

Section IV information listed in the 2010–11 Departmental Performance Report can be found on the Canadian Food Inspection Agency's website at http://www.inspection.gc.ca/english/corpaffr/ar/2010-11dpr/sect4e.shtml